

THE INDUSTRIAL COMMISSION
OF
ARIZONA



Special Fund Insolvent Carrier Report
“SB1310 Report”

December 12, 2013

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A. Report Requirements

Senate Bill 1310, which was enacted in the Fifty First Legislative Regular Session in 2013, requires the Industrial Commission of Arizona (“Commission”) to publish a report (the “SB1310 report”) showing the amount of cash and assets held by the Special Fund established by A.R.S. § 23-1065, that are attributable or allocated to the payment of claims of insolvent insurers as defined in A.R.S. § 20-661 paragraph 5, as of June 30, 2013. This report shall include all insurance carriers that have had claims assigned to the Special Fund pursuant to A.R.S. § 23-966(A). The report shall be accompanied by a statement of actuarial opinion by an actuary who is a member in good standing of the American Academy of Actuaries confirming the adequacy of the reserves reported. The amount of attributed cash and assets shall include the total amount of monies that are held by the Special Fund from any assessments, recoveries and released deposits. The Commission shall publish the report at the last Industrial Commission meeting in 2013 and shall include an explanation of the methodology and all of the data relied on to produce the statement. The report shall include an opinion from an independent certified public accountant on whether the methodology employed fairly presents the attribution of cash and assets to the payment of claims of insolvent insurers as defined in A.R.S. § 20-661.

The Commission retained the Certified Public Accounting firm, REDW, LLC, to provide the independent certified public accountant opinion. The Commission retained the independent actuary firm, AMI Risk Consultants, Inc., to provide the required actuarial opinion.

B. Organization and Funding of the Industrial Commission

The Commission is a self-supporting, non-general fund agency whose regulatory responsibilities include ensuring that Arizona workers’ compensation claims are processed in accordance with the requirements of the Arizona Workers’ Compensation Act (“Act”). A.R.S. § 23-107(A)(6). Over the years, the Commission’s responsibilities under the Act have been expanded to include the payment of statutorily mandated workers’ compensation benefits through the Special Fund. The Administrative Fund (established under A.R.S. § 23-1081(A)) provides for the Commission’s expenses in carrying out its regulatory powers and duties under Title 23, while the Special Fund (established under A.R.S. § 23-1065(A)) provides for the payment of the statutorily mandated functions (described below).

C. Authority and Funding of the Special Fund

Serving as the “safety net” for the Arizona workers’ compensation system, the Special Fund is a “trust fund” that was legislatively created in 1969 for the express purpose of providing workers’ compensation benefits in the following areas:

1. Continuing medical benefits for pre 1973 workers’ compensation claimants (referred to as “Medical” in the attached actuary report),
2. Partial coverage of workers’ compensation benefits for second injury claims (“Apportionment”),
3. Vocational rehabilitation or job retraining (“Rehabilitation”),
4. Providing benefits for uninsured claimants (“Uninsured Employers”), and

5. Continuing workers' compensation benefits for claimants of insolvent carriers and bankrupt self-insured employers under A.R.S. § 23-966.

The Special Fund consists of monies from Special Fund assessments, property and securities acquired by the use of monies in the Fund, interest earned on monies in the Special Fund, and other monies derived from the sale, use, or lease of property belonging to the Special Fund. The Special Fund may also collect cash, securities, or bonds required to be posted by an insurance carrier or self-insured employer under A.R.S. § 23-961, when the insurance carrier or employer becomes insolvent or bankrupt. A.R.S. § 23-961. Additionally, effective August 12, 2005, unexpended Administrative Fund revenue surplus may be transferred to the Special Fund when the Special Fund is not actuarially sound.

The Commission is authorized under A.R.S. §§ 23-1065(A), 23-1065(F), and 23-966(D) to levy the following assessments on workers' compensation premiums to fund the obligations of the Special Fund:

1. Under A.R.S. § 23-1065(A), the Commission may direct the payment into the State Treasury an amount not to exceed one and one-half percent (1.5%) of all premiums received by workers' compensation insurance carriers and self-insured employers during the immediately preceding calendar year. This assessment shall be no more than is needed to keep the Special Fund actuarially sound;
2. Under A.R.S. § 23-1065(F), the Commission may levy an assessment not to exceed one-half of one percent (0.5%) if (after notice and a hearing) the total annual reserved liabilities of the Special Fund obligated under subsections B and C of § 23-1065 (apportionment) exceed six million dollars; and
3. Under A.R.S. § 23-966(D), the Commission may levy an assessment not to exceed one-half of one percent (0.5%) to reimburse the Special Fund for its net loss incurred under § 23-966(D).

The history of Special Fund assessments is set forth in the *Workers' Compensation Assessment Rate History* table.

An actuarial study of the Special Fund is performed annually by an actuary who is a member of the Society of Actuaries. The actuary is required to make specific recommendations for maintaining the Special Fund on a sound actuarial basis. A.R.S. § 23-1065(I). AMI Risk Consultants, Inc. evaluated all medical and compensation related liabilities of the Special Fund as of June 30, 2013. The total estimated loss reserve was determined to be \$477,847,000, which reflects an increase of 1.9% as compared to the prior year. This report includes the liability for both insolvent carriers and bankrupt self-insured employers, which was reported at \$257,668,000, including administrative fees of \$21,275,000. For purposes of the SB1310 report, AMI evaluated only the medical and compensation related liabilities for insolvent insurance carriers as of June 30, 2013. The total estimated loss reserve was determined to be \$253,192,000, including administrative fees of \$20,906,000. This actuarial report does not include the liability of self-insured employers.

To cover potential unforeseen costs or adverse deviation from expected costs, AMI used a confidence level of 80 percent to calculate medical and compensation related liabilities for both reports. Funding at this level indicates a confidence that the actual costs will be covered 80 out of 100 years. For both reports, the reserves are discounted at an assumed rate of 1.69 percent for all benefits, except medical benefits. For medical benefits, it is assumed that the inflation in medical costs will equal the investment return earned by the Special Fund on those reserves, and therefore they have not been discounted.

D. Basis of Accounting

The *Statement of Net Position* is presented on a Generally Accepted Accounting Principles (GAAP) basis. This statement is audited by the Arizona Office of the Auditor General and is included as part of the State of Arizona's Comprehensive Annual Financial Report (CAFR). As of the publication date of the SB1310 report, the State of Arizona had not yet finalized the FY 2012/13 CAFR, but the audit field work had been completed on the Commission's *Statement of Net Position*. Management believes the *Statement of Net Position* properly represents the Commission's total cash, investments, and net position at June 30, 2013.

The *Schedule of Insolvent Carriers* and *Schedule of Special Fund Insolvent Carrier Cash Flows* are presented on a cash basis and present only insolvent carrier related information. Receipts and disbursements have been reported at the time received or incurred; GAAP basis accruals have not been made to reclassify receipts and disbursements in the proper accounting period.

Except as otherwise noted, all statements and schedules were prepared by the Commission's Accounting Division staff and were compiled from the following source materials:

- Commission accounting system reports
- Commission claims system reports
- Third Party Administrator (SCF Arizona) reports
- Arizona Department of Insurance (ADOI) reports
- The State of Arizona Comprehensive Annual Financial Reports for the fiscal years ending June 30, 1989 through June 30, 2013
- The "Special Fund Insolvent Carriers Loss and Loss Adjustment Expense Reserves as of June 30, 2013" actuarial report prepared by AMI Risk Consultants Inc.

E. Use of Estimates

The Commission was required to make some estimates and assumptions that may affect the reported amounts on the schedules; actual results may differ from these estimates. One factor that may impact the results reported in the schedules is the role played by SCF Arizona in the insolvent carrier claim process. As described more fully below, SCF Arizona played a major and significant role, not only in the processing and payment of insolvent insurance claims under A.R.S. § 23-966, but in the collection of statutory deposits filed by insurance carriers under A.R.S. § 23-961. The Commission requested information from SCF Arizona with respect to its payment of claims, collection of insolvent carrier statutory deposits, and other recoveries for the time period from 1979

through 2004. SCF Arizona was unable to provide information regarding all of the financial transactions that occurred during this time period.

F. Insolvent Carrier Schedules

Because the liquidation of an insolvent insurance carrier involves facts and circumstances unique to that carrier, each carrier listed on the *Schedule of Insolvent Carriers* has a corresponding detailed individual *Carrier Schedule*. The individual *Carrier Schedule* includes detailed information relevant to forming an understanding of the insolvency and resulting liability to the Special Fund. The *Carrier Schedule* should be read in combination with the *Schedule of Insolvent Carriers*.

G. Processing and Payment of Insolvent Carrier Claims

From 1969 through 2004, the Commission assigned the workers' compensation claims of insolvent carriers to the State Compensation Fund (now SCF Arizona), who was required by law to process and pay the assigned claims. SCF Arizona was also given the responsibility to recover against the bonds and assets of insolvent carriers filed under A.R.S. § 23-961 to reimburse them for amounts paid on the claims, along with their costs, necessary expenses and reasonable attorney fees. A.R.S. § 23-966(A) as amended by Laws 1968. SCF Arizona was authorized to seek reimbursement from the Special Fund, "on a periodic basis," for any net loss, including reasonable administrative costs it incurred under this Section. A.R.S. § 23-966(B) as amended by Laws 1970. During this period of time, SCF Arizona was responsible for filing the required proofs of claims and taking action to recover from the statutory deposits and other assets of insolvent carriers.

In 2004, A.R.S. § 23-966 was amended to provide that the periodic reimbursement to SCF Arizona from the Special Fund shall be at least quarterly. The Legislature also amended the statute to eliminate SCF Arizona's authority to assert a claim and collect against statutory deposits filed under A.R.S. § 23-961. The authority to assert a claim against the cash, security or bond posted under A.R.S. § 23-961 was given to the Special Fund. From August 25, 2004, until January 1, 2013, as required under A.R.S. § 23-966, the Commission continued to assign insolvent carrier claims to SCF Arizona for processing and payment. During this period of time, the Special Fund was responsible for filing the required proofs of claim and taking action to recover from the statutory deposits and other assets of insolvent carriers.

Effective January 1, 2013, the Legislature amended A.R.S. § 23-966 to provide that the Commission would assign insolvent carrier claims to the Special Fund. The Special Fund is required to ensure that the claims are processed and paid, and it is authorized to use third-party processors or other legal, medical, claims or labor market personnel to assist in the processing and payment of claims assigned under A.R.S. § 23-966. Under this authority, and acting as the Special Fund's third-party processor, SCF Arizona continues to process and pay insolvent carrier claims.

H. Cash, Investments and Actuarial Liabilities of the Special Fund

Cash on the *Statement of Net Position* consists of cash under the control of the State Treasurer and invested by the Treasurer in a pooled fund. Additional cash and investments are held in the Special Fund's cash and investments pool. The Special Fund's cash and investments pool includes cash and short-term and long-term investments managed by multiple investment managers. The Northern Trust bank through The Northern Trust Company acts as the Commission's custodial bank for the Special Fund cash and investments pool.

At June 30, 2013, Special Fund cash and investments were held in the State of Arizona Treasurer's Investment Pool (\$5,413,195) and the Special Fund's cash and investment pool (\$440,579,283). At June 30, 2013, the total cash and investments balance consisted of the following:

Insolvent carrier recoveries held in pooled cash and investments	
Consolidated American Insurance Company	\$ 102,920
Fremont Companies	14,789,787
Legion Insurance Company	2,049,941
Phico Insurance Company	32,001
Realm National Insurance Company	121,909
Western Growers Insurance Company	810,008
Total insolvent carrier recoveries held in pooled cash and investments	<u>17,906,566</u>
Receipts from Apportionment, A.R.S. § 23-1065 (F)	8,775,467
Other pooled cash and investments	<u>419,310,445</u>
Total pooled cash and investments, June 30, 2013	<u>\$ 445,992,478</u>

At June 30, 2013, the Special Fund actuarial liability was reported as follows:

	Short Term	Long Term	Total
Medical	\$ 1,724,000	\$ 29,850,000	\$ 31,574,000
Apportionment	2,728,000	92,763,000	95,491,000
Rehabilitation	1,359,000	7,414,000	8,773,000
Uninsured employers	8,961,000	75,380,000	84,341,000
Insolvent carriers	9,967,000	243,225,000	253,192,000
Bankrupt self insureds	219,000	4,257,000	4,476,000
	<u>\$ 24,958,000</u>	<u>\$ 452,889,000</u>	<u>\$ 477,847,000</u>

With respect to the overall financial condition of the Special Fund, at June 30, 2013, it remained actuarially unsound, with a net position estimated to be negative \$17,012,390 (net investment in capital assets of \$14,184,441 minus an unrestricted negative net position of \$31,196,831).

I. Cash, Investments, and Actuarial Liabilities for Insolvent Carriers

The *Schedule of Special Fund Insolvent Carrier Cash Flows* provides information about the sources and uses of cash for Special Fund insolvent carrier claims. Increases and decreases in cash and investments are classified as operating and non-operating activities. Operating activities include the payment of insolvent carrier claims, the receipt of A.R.S. § 23-966 tax assessments for insolvent carriers, and the receipt of statutory deposits and other recoveries such as distributions from Receivers. Non-operating activities include the receipt of other funding sources. This schedule reflects that up through June 30, 2013, primary funding sources for the payment of insolvent carrier claims (A.R.S. § 23-966 assessment, statutory deposits, and other recoveries) were insufficient to cover insolvent carrier payments made by the Special Fund. Therefore, secondary funding sources were used (A.R.S. § 23-1065(A) assessment) to pay the difference. The ending balance on this schedule reflects the six insolvent carrier recoveries (identified above) that were held in the Special Fund pooled cash and investments on June 30, 2013.

Except for the insolvent carrier recoveries held (identified above), there is no other cash or investment held by the Special Fund that is specifically identified as being attributable or allocated to the payment of insolvent carrier claims. Recognizing, however, that the Special Fund has historically used secondary funding sources to meet its obligation to pay insolvent carrier claims, a hypothetical allocation for the payment of insolvent carrier claims of the total pooled cash and investments as of June 30, 2013 could be established at \$222,848,153, which includes the insolvent carrier recoveries held, and represents the balance in the pooled cash and investments at June 30, 2013, after subtracting the other actuarial liabilities that are primarily funded through A.R.S. § 23-1065.

Total pooled cash and investments, June 30, 2013	<u>\$ 445,992,478</u>	<u>100.00%</u>
Allocation of funds:		
Receivables in excess of payables, June 30, 2013	\$ (657,691)	-0.15%
Medical	31,574,000	7.08%
Apportionment	95,491,000	21.41%
Rehabilitation	8,773,000	1.97%
Uninsured employers	84,341,000	18.91%
Bankrupt self insureds	<u>3,623,016</u>	<u>0.81%</u>
Total before insolvent carriers	<u>223,144,325</u>	<u>50.03%</u>
Insolvent carriers, recoveries received	17,906,566	4.01%
Insolvent carriers, allocation of funds	<u>204,941,587</u>	<u>45.96%</u>
Total insolvent carriers	<u>222,848,153</u>	<u>49.97%</u>
Total allocation of funds	<u>\$ 445,992,478</u>	<u>100.00%</u>

At June 30, 2013, using the allocation method described above, the amount allocated to the payment of insolvent carrier claims and the net position (or unfunded liability) for insolvent carrier claims was as follows:

Insolvent carrier, pooled cash and investments	\$ 222,848,153
Insolvent carrier, actuarial liability	(253,192,000)
Insolvent carriers, net position	<u>\$ (30,343,847)</u>

J. Status and Adequacy of Insolvent Carrier Recoveries

The Special Fund has the potential to obtain additional recoveries, which could include recoveries from statutory deposits not currently held by the Special Fund or future distributions made from Domiciliary or Ancillary Receivers overseeing insolvent carrier estates.

The *Schedule of Insolvent Carriers* includes a column entitled “Status of Recoveries.” The information in this column is not intended to state assets held by the Special Fund (which is separately stated in “*Cash held by Special Fund at 6/30/13*” and described below). Rather, using the following formula, it is intended to provide an overview of the status of insolvent carrier recoveries as of June 30, 2013, by showing whether insolvent carrier payments have exceeded the recoveries received through June 30, 2013, or whether there is a potential to obtain additional recoveries for payments made through June 30, 2013:

Total payments made for insolvent carrier claims through June 30, 2013

minus Total receipts of statutory deposits and other recoveries through June 30, 2013

equals Net (deficit) or surplus balance of carrier account at June 30, 2013

plus Potential recovery of remaining balance of statutory deposit at June 30, 2013

equals Status of recovery of carrier account at June 30, 2013

With the exception of the six insolvent carriers for whom recoveries are held by the Special Fund, a positive number in this column simply reflects a potential to recover money in the estate identified. There is, however, no guarantee of recovery as distributions are controlled by the Receiver overseeing the estate.

The “Status of Recoveries” is also not intended to reflect the overall adequacy of recoveries. This information is depicted in the column entitled “Actuarial Deficit or Surplus,” which assumes recovery of the amounts listed as a potential recovery. This column reflects an overall actuarial deficit, which reflects an overall inadequacy of recoveries.

The *Schedule of Insolvent Carriers* also includes a column entitled “Cash Held by Special Fund at June 30, 2013.” The purpose of this column is to show the insolvent carriers that have a positive “status of recovery,” and thus the Special Fund is holding cash on behalf of these insolvent carriers.

K. Definition of Terms

Short term actuarial liability means expenses are expected to be paid within one year, or by June 30, 2014.

Long term actuarial liability means expenses are expected to be paid during a future period and not during the next fiscal year.

Other recoveries include receipts of monies other than statutory deposits released directly to the Special Fund, such as disbursements from a Receiver, third party settlements, and reimbursements of overpayments.

Independent Accountant's Report

To Chairman Parker and members of the Commission
Industrial Commission of Arizona
811 W Washington St
Phoenix, AZ 85007-2934

We have examined management's assertion that the accompanying special fund insolvent carrier report and schedule of insolvent carriers of the Industrial Commission of Arizona (the "Commission") for the year ended June 30, 2013, is presented in accordance with the Commission's insolvent carrier reporting methodology. The Commission's management is responsible for the assertion. Our responsibility is to express an opinion on the assertion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants, accordingly, included examining, on a test basis, evidence supporting management's assertion and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, management's assertion referred to above is fairly stated, in all material respects, based on the Commission's insolvent carrier reporting methodology.

REDW LLC

Phoenix, Arizona
December 3, 2013

Industrial Commission of Arizona
Special Fund Insolvent Carrier Report
Schedule of Insolvent Carriers
June 30, 2013

CARRIER NAME	DATE OF INSOLVENCY	STATUTORY DEPOSITS						PAYMENTS	OTHER RECOVERIES		INSOLVENT CARRIER ACCOUNTS AT 6/30/13			CASH HELD BY SPECIAL FUND AT 6/30/13
		TYPE POSTED PRIOR TO INSOLVENCY	AMOUNT POSTED AT TIME OF INSOLVENCY	AMOUNT RECEIVED TO DATE: SPECIAL FUND	AMOUNT RECEIVED TO DATE: SCF	REMAINING BALANCE	HELD BY	UNDER A.R.S. SECTION 23-966	AMOUNT RECEIVED TO DATE: SPECIAL FUND	AMOUNT RECEIVED TO DATE: SCF	ACTUARIAL LIABILITY INCLUDING ADMIN FEE	STATUS OF RECOVERIES	ACTUARIAL (DEFICIT)/ SURPLUS	
American Mutual Liability Indemnity Company	03/09/89	Surety Bond	\$ -	\$ -	\$ -	\$ -	SCF	\$ 230,353.47	-	-	\$ -	\$ (230,353.47)	\$ (230,353.47)	\$ -
American Mutual Insurance Company of Boston	03/09/89	Surety Bond	-	-	-	-	SCF	178,035.89	-	93,587.00	-	(84,448.89)	(84,448.89)	-
Atlantic Mutual Insurance Company	04/27/11	T-Notes	1,602,000.00	-	-	1,602,000.00	ADOI	336,415.12	-	-	6,269,680.00	1,265,584.88	(5,004,095.12)	-
Carriers Insurance Company	02/20/86	No Stat deposit	-	-	-	-	NO STATUTORY DEPOSIT	865,877.95	-	490,320.00	194,020.00	(375,557.95)	(569,577.95)	-
Centennial Insurance Company	04/27/11	T-Notes	200,000.00	-	-	200,000.00	ADOI	-	-	-	-	200,000.00	200,000.00	-
Consolidated American Insurance Company	03/21/05	T-Notes	121,584.22	(121,584.22)	-	-	ICA	18,664.65	-	-	40,330.00	102,919.57	62,589.57	102,919.57
Credit General Insurance	01/05/01	Unknown (SCF)	160,000.00	-	(160,000.00)	-	SCF	477,442.10	49,435.71	-	71,940.00	(268,006.39)	(339,946.39)	-
Eldorado Insurance	08/02/78	No Stat deposit	-	-	-	-	NO STATUTORY DEPOSIT	53,449.59	-	-	-	(53,449.59)	(53,449.59)	-
Employers Casualty	01/16/94	Surety Bond	764,000.00	(764,000.00)	-	-	SCF	1,220,380.55	-	-	831,670.00	(456,380.55)	(1,288,050.55)	-
Enterprise Company	02/24/87	No Stat Deposit	-	-	-	-	NO STATUTORY DEPOSIT	1,164,701.58	654,725.72	420,447.28	54,500.00	(89,528.58)	(144,028.58)	-
Excalibur Insurance	01/00/00	No Stat deposit	-	-	-	-	NO STATUTORY DEPOSIT	299,253.06	-	-	-	(299,253.06)	(299,253.06)	-
Fremont Companies	07/02/03	T-Notes/Bonds	33,849,138.22	(33,849,138.22)	-	-	ICA	19,059,351.30	-	-	111,093,060.00	14,789,786.92	(96,303,273.08)	14,789,786.92
Frontier Insurance Company	11/09/12	T-Notes	139,600.00	-	-	139,600.00	ADOI	20,613.05	-	-	199,470.00	118,986.95	(80,483.05)	-
Great Global Assurance	02/07/86	No Stat deposit	-	-	-	-	NO STATUTORY DEPOSIT	37,404.51	-	-	-	(37,404.51)	(37,404.51)	-
Great States Insurance Co.	05/08/01	Surety Bond	8,290,492.70	-	(2,177,861.26)	6,112,631.44	ICA	11,551,491.04	1,293,117.00	-	18,973,630.00	7,405,748.44	(11,567,881.56)	-
HIH America Compensation & Liability	05/08/01	Unknown	1,997,853.56	-	(1,997,853.56)	-	SCF	1,459,800.42	-	-	2,332,600.00	538,053.14	(1,794,546.86)	-
Home Insurance Company	06/13/03	T-Notes	4,007,000.00	(4,007,000.00)	-	-	ICA	4,507,932.37	-	-	7,688,860.00	(500,932.37)	(8,189,792.37)	-
Ideal Mutual Co.	02/07/85	Unknown	-	-	-	-	SCF	170,703.20	-	-	-	(170,703.20)	(170,703.20)	-
Imperial Casualty and Indemnity Co	05/12/10	T-Notes	125,000.00	-	-	125,000.00	ADOI	42,117.66	-	-	35,970.00	82,882.34	46,912.34	-
Imperial Insurance Co.	01/10/78	Surety	-	-	-	-	SCF	117,860.28	-	-	-	(117,860.28)	(117,860.28)	-
Legion Insurance Co.	07/28/03	T-Notes/Bonds	13,212,284.00	(13,212,284.00)	-	-	ICA	12,240,947.77	1,078,604.65	-	18,026,420.00	2,049,940.88	(15,976,479.12)	2,049,940.88
LMI Insurance Company	05/23/00	See Carrier Schedule-Sec. C	-	-	-	-	DEPOSIT RETURNED	-	-	-	-	-	-	-
Lumbermens Mutual Casualty Co.	07/02/12	T-Notes	6,655,483.79	-	-	6,655,483.79	ADOI	330.67	-	-	11,769,820.00	6,655,153.12	(5,114,666.88)	-
Mission Insurance Co.	02/24/87	T-Notes/Bonds	16,800,000.00	-	(15,774,928.33)	1,025,071.67	SCF	15,122,125.05	-	-	2,392,550.00	1,677,874.95	(714,675.05)	-
Mission National Insurance Co.	02/24/87	No Stat Deposit	-	-	-	-	NO STATUTORY DEPOSIT	18,109,633.24	14,332,774.25	15,961,577.74	10,494,520.00	12,184,718.75	1,690,198.75	-
Park Avenue Insurance Co.	11/18/09	T-Bills	675,000.00	-	-	675,000.00	ADOI	547,035.18	99,077.70	-	4,649,940.00	227,042.52	(4,422,897.48)	-
Paula Insurance Company	06/21/02	T-Notes/Bonds	8,148,000.00	-	(8,148,000.00)	-	SCF	12,039,615.12	1,499,434.36	-	16,101,480.00	(2,392,180.76)	(18,493,660.76)	-
Pegasus Insurance Company	08/12/10	See Carrier Schedule-Sec. C	-	-	-	-	DEPOSIT RETURNED	-	-	-	-	-	-	-
Phico Insurance Company	02/01/02	See Carrier Schedule-Sec. C	33,020.00	(33,020.00)	-	-	PARTIAL DEPOSIT RETURNED	1,018.71	-	-	-	32,001.29	32,001.29	32,001.29
Realm National Insurance Company	06/15/05	T-Notes	227,727.00	(227,727.00)	-	-	ICA	105,818.09	-	-	110,090.00	121,908.91	11,818.91	121,908.91
Reinsurance Company of America	04/27/11	T-Notes	525,000.00	-	-	525,000.00	ADOI	18,851.41	-	-	383,680.00	506,148.59	122,468.59	-
Reliance Insurance Co.	10/03/01	T-Notes	22,420,500.00	(6,847,156.27)	(4,094,382.12)	11,478,961.61	ANCILLARY RECEIVER	10,722,952.85	121,000.71	-	21,764,030.00	11,818,547.86	(9,945,482.14)	-
Rockwood Insurance Co.	08/26/91	Surety Bond	214,214.00	(214,214.00)	-	-	ICA	330,080.78	-	-	64,310.00	(115,866.78)	(180,176.78)	-
S&H Insurance Company	04/16/85	Surety Bonds	-	-	-	-	SCF	679,293.32	-	-	-	(679,293.32)	(679,293.32)	-
South Carolina Insurance Company	03/21/05	See Carrier Schedule-Sec. C	-	-	-	-	DEPOSIT RETURNED	150,019.09	-	-	-	(150,019.09)	(150,019.09)	-
Statewide Insurance Company	01/06/04	See Carrier Schedule-Sec. C	-	-	-	-	DEPOSIT RETURNED	-	-	-	-	-	-	-
Subscribers at Casualty Reciprocal Exchange	08/18/04	Tbills & MM	940,855.40	-	-	940,855.40	ADOI	632,744.51	-	-	501,400.00	308,110.89	(193,289.11)	-
Superior National Insurance Co.	09/26/00	Cash Securities	4,849,741.20	(840,539.20)	(4,009,202.00)	-	SCF	6,325,189.94	-	-	10,329,930.00	(1,475,448.74)	(11,805,378.74)	-
Superior Pacific Casualty Co.	09/26/00	Cash Securities	233,910.00	-	(233,910.00)	-	SCF	777,444.82	-	-	1,269,850.00	(543,534.82)	(1,813,384.82)	-
The Insurance Corporation of New York	03/04/10	T-Notes	100,004.00	-	-	100,004.00	ADOI	-	-	-	-	100,004.00	100,004.00	-
Transit Casualty Insurance Co.	12/03/85	Bond Settlement	96,775.00	-	(96,775.00)	-	SCF	171,751.27	-	21,836.25	-	(53,140.02)	(53,140.02)	-
Ullico Casualty Co.	Unknown	T-Notes	1,920,000.00	-	-	1,920,000.00	ADOI	-	-	-	-	1,920,000.00	1,920,000.00	-
Villanova Insurance Co.	07/28/03	T-Notes	337,855.18	(337,855.18)	-	-	ICA	1,289,541.72	737,007.68	-	1,766,890.00	(214,678.86)	(1,981,568.86)	-
Western Employers	04/19/91	T-Notes	-	-	-	-	NO STATUTORY DEPOSIT	5,818,160.08	668,777.73	1,640,982.90	4,678,280.00	(3,508,399.45)	(8,186,679.45)	-
Western Growers Insurance Co.	01/17/03	T-Notes	1,510,248.74	(1,510,248.74)	-	-	ICA	700,241.05	-	-	657,270.00	810,007.69	152,737.69	810,007.69
Reopen reserves, insolvents with no open claims			-	-	-	-					445,810.00	-	(445,810.00)	
TOTALS			\$ 130,157,287.01	\$ (61,964,766.83)	\$ (36,692,912.27)	\$ 31,499,607.91		\$ 127,594,642.47	\$ 20,533,955.51	\$ 18,628,751.17	\$ 253,192,000.00	\$ 51,098,981.00	\$ (202,093,019.00)	\$ 17,906,565.27

To understand the insolvency and resulting liability to the Special Fund, the Schedule of Insolvent Carriers should be read in combination with the Carrier Schedules and the SB1310 narrative report.

Industrial Commission Of Arizona
Special Fund Insolvent Carrier Report
Statement of Special Fund Net Position
June 30, 2013
(GAAP Basis)

ASSETS

Current assets:

Cash on deposit with the State Treasurer	\$ 5,413,195
Cash and short-term investments	55,918,190
Securities lending collateral investment pool	44,880,685
Receivables, net of allowances:	
Taxes	4,915,040
Interest and dividends	2,818,122
Receivable for securities sold	5,629,926
Due from other funds	5,750
Total current assets	<u>119,580,908</u>

Noncurrent assets:

Investments	384,661,093
Capital assets:	
Land	2,996,613
Buildings, equipment and other depreciable assets (net of accumulated depreciation)	<u>11,187,828</u>
Total noncurrent assets	<u>398,845,534</u>
Total assets	<u>518,426,442</u>

LIABILITIES

Current liabilities:

Accounts payable	4,659,883
Payable for securities purchased	7,946,906
Obligations under securities lending	44,880,685
Unearned deferred revenues	104,358
Current portion of accrued insurance losses	24,958,000
Total current liabilities	<u>82,549,832</u>

Noncurrent liabilities:

Accrued insurance losses	<u>452,889,000</u>
Total noncurrent liabilities	<u>452,889,000</u>
Total liabilities	<u>535,438,832</u>

NET POSITION

Net investment in capital assets	14,184,441
Unrestricted	<u>(31,196,831)</u>
Total net position	<u>\$ (17,012,390)</u>

The Special Fund is a Major Fund of the State of Arizona and is included as part of the State of Arizona's Comprehensive Annual Financial Report.

Industrial Commission Of Arizona
Special Fund Insolvent Carrier Report
Schedule Of Special Fund Insolvent Carrier Cash Flows
Through June 30, 2013
(Cash Basis-Unaudited)

Cash flows from operating activities:

Special Fund insolvent carrier payments	
Payments made under A.R.S. § 23-966	\$ (127,594,642)
Payments made directly by SCF Arizona	<u>13,650,979</u>
Total Special Fund insolvent carrier payments	<u>(113,943,663)</u>
Assessments for Insolvencies/Bankruptcies, A.R.S. § 23-966, Carriers	20,059,570
Statutory deposits received	61,964,767
Other recoveries received	<u>20,533,956</u>
Net cash used by operating activities	<u>(11,385,370)</u>

Cash flows from non-operating activities:

General Special Fund Assessments, A.R.S. § 23-1065 (A)	<u>29,291,935</u>
Net cash provided by non-operating activities	<u>29,291,935</u>

Net increase in insolvent carrier investments 17,906,565

Beginning insolvent carrier cash and investments	<u>-</u>
Ending insolvent carrier cash and investments, June 30, 2013	<u><u>\$ 17,906,565</u></u>

Industrial Commission Of Arizona
Special Fund Insolvent Carrier Report
Workers' Compensation Assessment Rate History
Tax Years 1985 - 2014

Calendar Year	Administrative (1)	General Special Fund (2)	Insolvencies/ Bankruptcies (3)	Apportionment (4)	Assessment Total
1985	3.00%	1.50%	0.00%	0.00%	4.50%
1986	3.00%	1.50%	0.00%	0.00%	4.50%
1987	3.00%	1.50%	0.00%	0.00%	4.50%
1988	3.00%	1.50%	0.00%	0.00%	4.50%
1989	3.00%	1.25%	0.00%	0.00%	4.25%
1990	3.00%	1.00%	0.00%	0.00%	4.00%
1991	3.00%	1.00%	0.00%	0.00%	4.00%
1992	3.00%	0.75%	0.00%	0.00%	3.75%
1993	3.00%	0.00%	0.00%	0.00%	3.00%
1994	1.25%	0.00%	0.00%	0.00%	1.25%
1995	1.45%	0.00%	0.00%	0.00%	1.45%
1996	1.25%	0.00%	0.00%	0.00%	1.25%
1997	2.15%	0.00%	0.00%	0.00%	2.15%
1998	3.00%	0.00%	0.00%	0.00%	3.00%
1999	3.00%	0.00%	0.00%	0.00%	3.00%
2000	3.00%	0.00%	0.00%	0.00%	3.00%
2001	3.00%	0.00%	0.00%	0.00%	3.00%
2002	2.75%	0.00%	0.00%	0.00%	2.75%
2003	3.00%	0.00%	0.00%	0.00%	3.00%
2004	3.00%	1.50%	0.00%	0.00%	4.50%
2005	3.00%	1.50%	0.50%	0.50%	5.50%
2006	3.00%	1.50%	0.50%	0.50%	5.50%
2007	3.00%	1.50%	0.50%	0.50%	5.50%
2008	3.00%	1.50%	0.00%	0.00%	4.50%
2009	3.00%	1.50%	0.00%	0.00%	4.50%
2010	2.65%	1.50%	0.50%	0.50%	5.15%
2011	3.00%	1.50%	0.50%	0.50%	5.50%
2012	3.00%	1.50%	0.50%	0.50%	5.50%
2013	2.75%	1.25%	0.50%	0.50%	5.00%
2014	1.75%	1.14%	0.36%	0.25%	3.50%

(1) Administrative Fund Assessment, A.R.S. § 23-961 (J) and A.R.S. § 23-1081 (A)

(2) General Special Fund Assessment, A.R.S. § 23-1065 (A)

(3) Assessment for Insolvencies/Bankruptcies, A.R.S. § 23-966 (D)

(4) Assessment for Apportionment, A.R.S. § 23-1065 (F)

Carrier Schedule

American Mutual Liability Indemnity Company

NAIC # 19569

SECTION A		SECTION B	
Date of Insolvency:	March 9, 1989	Total Claims Filed Against Carrier:	1,051
Statutory Deposit:		Total Claims Assigned:	8
Type:	Surety Bond	Total Closed Claims Assigned:	8
Held By:	SCF	Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency:	\$ -	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level	-
Dec 1994 & Jan 1999 SF Payments:	15,325.05	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Feb 2001 - Jun 2005 SF Payments:	183,746.42	Estimated Administrative Fee @ 9.0%:	-
July 2005 - June 2013 SF Payments:	31,282.00	Actuarial Liability, 6/30/13:	\$ -
Total Payments:	230,353.47		
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ (230,353.47)		

SECTION C
ADDITIONAL ESTATE INFORMATION
Workers' compensation bond (6071688), 76% of 65% of the premium at the time of liquidation.
SCF is responsible for the collection of bond and for the claims.

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule American Mutual Insurance Company of Boston

NAIC # 19550

SECTION A		SECTION B	
Date of Insolvency:	March 9, 1989	Total Claims Filed Against Carrier:	121
Statutory Deposit:		Total Claims Assigned:	10
Type:	Surety Bond	Total Closed Claims Assigned:	10
Held By:	SC F	Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency:	\$ -	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level	-
Mar 1989 - Sept 2001	122,324.76	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Oct 2001 - Dec 2004 SF Payments:	55,711.13	Estimated Administrative Fee @ 9.0%:	-
Total Payments:	178,035.89	Actuarial Liability, 6/30/13:	\$ -
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	93,587.00		
Total Recoveries:	93,587.00		
Status of Recoveries @ 6/30/13:	\$ (84,448.89)		

SECTION C	
ADDITIONAL ESTATE INFORMATION	
Workers' compensation bond (6071688), 76% of 65% of the premium at the time of liquidation.	
SCF is responsible for the collection of bond and for the claims.	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Atlantic Mutual Insurance Company

NAIC #: 19895

SECTION A		SECTION B	
Date of Insolvency:	April 27, 2011	Total Claims Filed against Carrier:	3,483
Statutory Deposit:		Total Claims Assigned:	12
Type:	T-Notes	Total Closed Claims Assigned:	1
Held By:	ADOI	Total Open Claims Assigned:	11
Amount Posted at Time of Insolvency:	\$ 1,602,000.00		
Amount Received to Date:	-	Remaining Unpaid Liability for 11 open claims :	\$ 2,772,196.03
Remaining Balance @ 6/30/13:	1,602,000.00	Unpaid ALAE:	1,654.00
Payments:		Reserves Gross Unpaid Liability for 11 open claims:	2,773,850.03
SF Payments:	-	Supplemental Reserves with an 80% confidence level:	
May 2011-JUNE 2013 SF Payments:	336,415.12	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	5,752,000.00
Total Payments:	336,415.12	Estimated Administrative Fee @ 9.0%:	517,680.00
Recoveries:		Actuarial Liability, 6/30/13:	\$ 6,269,680.00
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ 1,265,584.88		

SECTION C	
<u>ADDITIONAL ESTATE INFORMATION</u>	
None	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Carriers Insurance Company

NAIC #: 10529

SECTION A		SECTION B	
Date of Insolvency:	February 20, 1986	Total Claims Filed Against Carrier:	615
Statutory Deposit:		Total Claims Assigned:	38
Type:	No Stat Deposit	Total Closed Claims Assigned:	36
Held By:		Total Open Claims Assigned:	2
Amount Posted at Time of Insolvency:	\$ -		
Amount Received to Date:			
Remaining Balance @ 6/30/13:	-		
Payments:		Remaining Unpaid Liability for 2 open claims:	\$ 111,757.13
Mar 2001 - Dec 2001 SF Payments:	646,538.14	Unpaid ALAE:	125.00
Jan 2005 - June 2005 SF Payments:	12,710.48		
Jan 2002 - Dec 2004 SF Payments:	57,117.72	Reserves Gross Estimated Unpaid Liability for 2 open claims:	111,882.13
Jul 2005 - Jun 2013 SF Payments:	149,511.61	Supplemental Reserves with an 80% confidence level:	66,117.87
Total Payments:	865,877.95	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	178,000.00
Recoveries:		Estimated Administrative Fee @ 9.0%:	16,020.00
Statutory Deposit Received - Special Fund:	-	Actuarial Liability, 6/30/13:	\$ 194,020.00
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	490,320.00		
Total Recoveries:	490,320.00		
Status of Recoveries @ 6/30/13:	\$ (375,557.95)		
SECTION C			
ADDITIONAL ESTATE INFORMATION			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Centennial Insurance Company

NAIC #: 19909

SECTION A		SECTION B	
Date of Insolvency:	April 27, 2011	Total Claims Filed against Carrier:	774
Statutory Deposit:		Total Claims Assigned:	0
Type:	T-Notes	Total Closed Claims Assigned:	0
Held By:	ADOI	Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency:	\$ 200,000.00		
Amount Received to Date:	-	Remaining Unpaid Liability for 0 open claims:	\$ -
Remaining Balance @ 6/30/13:	200,000.00	Unpaid ALAE:	-
Payments:		Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
SF Payments:	-	Supplemental Reserves with an 80% confidence level	-
May 2011- June 2012 SF Payments:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Total Payments:	-	Estimated Administrative Fee @ 9.0%:	-
Recoveries:		Actuarial Liability, 6/30/13:	\$ -
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ 200,000.00		

SECTION C
<u>ADDITIONAL ESTATE INFORMATION</u>
None

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule

Consolidated American Insurance Company

NAIC # 24945

SECTION A		SECTION B	
Date of Insolvency:	March 21, 2005	Total Claims Filed against Carrier:	106
Statutory Deposit:		Total Claims Assigned:	1
Type:	T-Bills	Total Closed Claims Assigned:	0
Held By:	ICA	Total Open Claims Assigned:	1
Amount Posted at Time of Insolvency:	\$ 121,584.22		
Amount Received to Date:	(121,584.22)	Remaining Unpaid Liability for 1 open claim :	\$ 14,826.33
Remaining Balance @ 6/30/13:	-	Unpaid ALAE:	100.00
Payments:		Reserves Gross Estimated Unpaid Liability for 1 open claim:	14,926.33
SF Payments:	-	Supplemental Reserves with an 80% confidence level:	22,073.67
July 2005 - June 2013 SF Payments:	18,664.65	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	37,000.00
Total Payments:	18,664.65	Estimated Administrative Fee @ 9.0%:	3,330.00
Recoveries:		Actuarial Liability, 6/30/13:	\$40,330.00
Statutory Deposit Received - Special Fund:	121,584.22		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	121,584.22		
Status of Recoveries @ 6/30/13:	\$ 102,919.57		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Credit General Insurance Company

NAIC # 12912

SECTION A		SECTION B	
Date of Insolvency:	January 5, 2001	Total Claims Filed against Carrier:	430
Statutory Deposit:		Total Claims Assigned:	34
Type:	Unknown	Total Closed Claims Assigned:	33
Held By:	SCF	Total Open Claims Assigned:	1
Amount Posted at Time of Insolvency:	\$ 160,000.00		
Amount Received to Date:	(160,000.00)	Remaining Unpaid Liability for 1 open claim:	\$ 35,925.37
Remaining Balance @ 6/30/13:	-	Unpaid ALAE:	25.00
Payments:		Reserves Gross Estimated Unpaid Liability for 1 open claim:	35,950.37
2001 to December 2011 Special Fund Payments:	475,431.00	Supplemental Reserves with an 80% confidence level:	30,049.63
Jan 2012 - Jun 2013 Special Fund Payments:	2,011.09	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	66,000.00
Total Payments:	477,442.10	Estimated Administrative Fee @ 9.0%:	5,940.00
Recoveries:		Actuarial Liability, 6/30/13:	\$ 71,940.00
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	160,000.00		
Other Recoveries - Special Fund:	49,435.71		
Other Recoveries - SCF:	-		
Total Recoveries:	209,435.71		
Status of Recoveries @ 6/30/13:	\$ (268,006.39)		
SECTION C			
ADDITIONAL ESTATE INFORMATION			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Eldorado Insurance Company

NAIC # 10960

SECTION A		SECTION B	
Date of Insolvency:	August 2, 1978	Total Claims Filed against Carrier:	177
Statutory Deposit:		Total Claims Assigned:	1
Type:	No Stat Dep	Total Closed Claims Assigned:	1
Held By:		Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency:	\$ -	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level	-
1978 - March 2001 SF Payments:	53,449.59	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
July 2005 - June 2013 SF Payments:	-	Estimated Administrative Fee @ 9.0%:	-
Total Payments:	53,449.59	Actuarial Liability, 6/30/13:	\$ -
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ (53,449.59)		

SECTION C	
<u>ADDITIONAL ESTATE INFORMATION</u>	
Surety Bond was issued from Reliance.	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Employers Casualty Company

NAIC # 21369

SECTION A		SECTION B	
Date of Insolvency:	January 16, 1994	Total Claims Filed against Carrier:	1876
Statutory Deposit:		Total Claims Assigned:	35
Type:	Surety Bond	Total Closed Claims Assigned:	28
Held By:	SCF	Total Open Claims Assigned:	7
Amount Posted at Time of Insolvency:	\$ 764,000.00	Remaining Unpaid Liability for 7 open claims:	\$ 491,528.86
Amount Received to Date:	(764,000.00)	Unpaid ALAE:	2,520.39
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 7 open claims:	494,049.25
Payments:		Supplemental Reserves with an 80% confidence level:	268,950.75
Jan 1994 - Feb 2001	107,475.09	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	763,000.00
Jan 2005 - June 2005 SF Payments:	75,111.36	Estimated Administrative Fee @ 9.0%:	68,670.00
Dec 1995 - Dec 2004 SF Payments:	699,261.70	Actuarial Liability, 6/30/13:	\$ 831,670.00
July 2005 - June 2013 SF Payments:	338,532.40		
Total Payments:	1,220,380.55		
Recoveries:			
Statutory Deposit Received - Special Fund:	764,000.00		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	764,000.00		
Status of Recoveries @ 6/30/13:	\$ (456,380.55)		
SECTION C			
ADDITIONAL ESTATE INFORMATION			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Enterprise Insurance Company

NAIC # 37702

SECTION A		SECTION B	
Date of Insolvency:	February 24, 1987	Total Claims Filed Against Carrier:	1,202
Statutory Deposit:	No Stat Dep	Total Claims Assigned:	51
Type:		Total Closed Claims Assigned:	49
Held By:		Total Open Claims Assigned:	2
Amount Posted at Time of Insolvency:	\$ -		
Amount Received to Date:	-	Remaining Unpaid Liability for 2 open claims:	\$ 33,564.62
Remaining Balance @ 6/30/13:	-	Unpaid ALAE:	50.00
Payments:		Reserves Gross Estimated Unpaid Liability for 2 open claims:	33,614.62
April 1987 -Feb 2005 SF Payments:	920,752.59	Supplemental Reserves with an 80% confidence level:	16,385.38
April - June 2005 SF Payments:	6,600.37	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	50,000.00
July 2005 - June 2013 SF Payments:	237,348.62	Estimated Administrative Fee @ 9.0%:	4,500.00
Total Payments:	1,164,701.58	Actuarial Liability, 6/30/13:	\$ 54,500.00
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	654,725.72		
Other Recoveries - SCF:	420,447.28		
Total Recoveries:	1,075,173.00		
Status of Recoveries @ 6/30/13:	\$ (89,528.58)		

SECTION C
<u>ADDITIONAL ESTATE INFORMATION</u>
Enterprise purchased a bond from Mission, which went into receivership as well. Therefore, there is no surety to reimburse the amounts expended by Mission National.
Affiliated Companies: Holland America Insurance Company, Mission Reinsurance Corporation, Mission National Insurance Company, and Mission Insurance Company.

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Excalibur Insurance Company

NAIC # 21466

SECTION A		SECTION B	
Date of Insolvency:	September 6, 1984	Total Claims Filed against Carrier:	67
Statutory Deposit:	No Stat Deposit	Total Claims Assigned:	36
Type:		Total Closed Claims Assigned:	36
Held By:		Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency:	\$ -		
Amount Received to Date:	-		
Remaining Balance @ 6/30/13:	-		
Payments:		Remaining Unpaid Liability for 0 open claims:	\$ -
Sept 6, 1984 - Nov 1995	118,205.00	Unpaid ALAE:	-
Dec 1995 -Aug 1997 SF Payments:	36,744.97		
July 2000 - June 2005 SF Payments:	144,303.09	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Total Payments:	299,253.06	Supplemental Reserves with an 80% confidence level	-
Recoveries:		AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Statutory Deposit Received - Special Fund:	-	Estimated Administrative Fee @ 9.0%:	-
Statutory Deposit Received - SCF:	-	Actuarial Liability, 6/30/13:	\$ -
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ (299,253.06)		

SECTION C	
ADDITIONAL ESTATE INFORMATION	
None	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Fremont Estate (all companies)

NAIC # 21040

SECTION A		SECTION B	
Date of Insolvency:	July 2, 2003	Total Claims Filed Against Carrier:	130,024
Statutory Deposit:		Total Claims Assigned:	1,334
Type:	T-Notes/Bonds	Total Closed Claims Assigned:	358
Held by:	ICA	Total Open Claims Assigned:	976
Amount Posted at Time of Insolvency:	\$ 33,849,138.22	Remaining Unpaid Liability on 976 open claims:	\$ 57,235,886.99
Amount Received to Date:	(33,849,138.22)	Unpaid ALAE:	115,192.81
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 976 open claims:	57,351,079.80
Payments:		Supplemental Reserves with an 80% confidence level:	44,568,920.20
Sep 2003 - Jun 2005 SF Payments:	11,368,797.71	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	101,920,000.00
July 2005 - June 2013 SF Payments:	7,690,553.59	Estimated Administrative Fee @ 9.0%:	9,172,800.00
Total Payments:	19,059,351.30	Actuarial Liability, 6/30/13:	\$ 111,093,060.00
Recoveries:			
Statutory Deposit Received - Special Fund:	33,849,138.22		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	33,849,138.22		
Status of Recoveries @ 6/30/13:	\$ 14,789,786.92		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Frontier Insurance Company

NAIC # 34266

SECTION A		SECTION B	
Date of Insolvency:	November 16, 2012	Total Claims Filed Against Carrier:	398
Statutory Deposit:		Total Claims Assigned:	2
Type:	T-Notes	Total Closed Claims Assigned:	0
Held By:	ADOI	Total Open Claims Assigned:	2
Amount Posted at Time of Insolvency:	\$ 139,600.00	Remaining Unpaid Liability for 2 open claims:	\$ 94,556.71
Amount Received to Date:	-	Unpaid ALAE:	100.00
Remaining Balance @ 6/30/13:	139,600.00	Reserves Gross Estimated Unpaid Liability for 2 open claims:	94,656.71
Payments:		Supplemental Reserves with an 80% confidence level:	88,343.29
Oct 2012 - Jun 2013 SF Payments:	20,613.05	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	183,000.00
Total Payments:	20,613.05	Estimated Administrative Fee @ 9.0%:	16,470.00
Recoveries:		Actuarial Liability, 6/30/13:	\$ 199,470.00
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ 118,986.95		
SECTION C			
ADDITIONAL ESTATE INFORMATION			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Great Global Assurance Company

NAIC # 18937

SECTION A		SECTION B	
Date of Insolvency:	February 7, 1986	Total Claims Filed Against Carrier:	33
Statutory Deposit:	No Stat Dep	Total Claims Assigned:	8
Type:		Total Closed Claims Assigned:	8
Held By:		Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency:	\$ -	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level	-
June 1994 SF Payment:	37,404.51	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Jul 2005 to Jun 2013 Payments:	-	Estimated Administrative Fee @ 9.0%:	-
Total Payments:	37,404.51	Actuarial Liability, 6/30/13:	\$ -
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ (37,404.51)		

SECTION C
<u>ADDITIONAL ESTATE INFORMATION</u>
The bond amount was based on premiums sold in each year in the years prior to the insolvency, which under law applicable at that time, was either minimal or no premium was collected. Therefore, there is no statutory deposit.

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Great States Insurance Company

NAIC # 33529

SECTION A		SECTION B	
Date of Insolvency:	May 8, 2001	Total Claims Filed Against Carrier:	22,677
Statutory Deposit:		Total Claims Assigned:	977
Type:	Surety Bond	Total Closed Claims Assigned:	913
Held By:	ICA	Total Open Claims Assigned:	64
Amount Posted at Time of Insolvency: (see Section C for details)	8,290,492.70		
Amount Received to Date:	(2,177,861.26)		
Remaining Balance @ 6/30/13:	6,112,631.44		
Payments:		Remaining Unpaid Liability for 64 open claims:	\$9,570,993.14
Sept 2002 - June 2005 SF Payments:	5,887,144.55	Unpaid ALAE:	7,960.90
July 2005 - June 2010 SF Payments:	3,625,544.56		
July 2010 - June 2012 SF Payments:	1,305,256.97	Reserves Gross Est. Unpaid Liability for 64 open claims:	9,578,954.04
July 2012 - June 2013 SF Payments:	733,544.96		
Total Payments:	11,551,491.04	Supplemental Reserves with an 80% confidence level:	
Recoveries:		AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	17,407,000.00
Statutory Deposits Received -Special Fund:	-		
Statutory Deposits Received -SCF:	2,177,861.26	Estimated Administrative Fee @ 9.0%:	1,566,630.00
Other Recoveries - Special Fund:	1,293,117.00		
Other Recoveries - SCF:	-	Actuarial Liability, 6/30/13:	\$ 18,973,630.00
Total Recoveries:	3,470,978.26		
Status of Recoveries @ 6/30/13: (see section C for details)	\$ 7,405,748.44		

SECTION C	
ADDITIONAL ESTATE INFORMATION	
American Home Assurance Company - Named Surety - Great States and HIH reinsured each other. Great States and HIH reinsured each other.	
The original Surety Bond amount covers claims in the time period of 5/28/99 -5/28/2001.	
The total statutory deposit on the surety bond that the surety is obligated to reimburse is estimated as follows :	
SCF Claims bond period reserve est at 6/30/13 surety is obligated to pay	\$ 4,210,915.34
Special Fund Payments in bond period that are legally recoverable from the surety that are included in payment amounts above:	
Sept 2002 - June 2005 SCF Payments	2,177,861.26
July 2005 - June 2010 SF Payments	1,263,738.52
July 2010 - June 2012 SF Payments	455,686.33
July 2012 - June 2013 SF Payments	182,291.25
	4,079,577.36
Estimated beginning surety statutory deposit balance	8,290,492.70
Less: statutory deposits received -SCF	(2,177,861.26)
Estimated available surety statutory deposit @ 6/30/13	6,112,631.44
Add: credit for other recoveries (liquidator disbursement) - Special Fund	1,293,117.00
Status of Recoveries @ 6/30/13:	\$ 7,405,748.44

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule

HHH America Compensation & Liability Insurance Company

NAIC # 20656

SECTION A		SECTION B	
Date of Insolvency:	May 8, 2001	Total Claims Filed Against Carrier:	1,472
Statutory Deposit:		Total Claims Assigned:	173
Type:	Unknown	Total Closed Claims Assigned:	165
Held By:	SCF	Total Open Claims Assigned:	8
Amount Posted at Time of Insolvency:	\$ 1,997,853.56		
Amount Received to Date:	(1,997,853.56)		
Remaining Balance @ 6/30/13:	-		
Payments:		<i>Remaining Unpaid Liability for 8 open claims:</i>	\$ 1,137,699.00
Jul 2002 - June 2005 SF Payments:	843,994.04	Unpaid ALAE:	175.00
July 2005 - June 2013 SF Payments:	615,806.38		
Total Payments:	1,459,800.42	Reserves Gross Estimated Unpaid Liability for 8 open claims:	1,137,874.00
Recoveries:		Supplemental Reserves with an 80% confidence level:	1,002,126.00
Statutory Deposit Received - Special Fund:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	2,140,000.00
Statutory Deposit Received - SCF:	1,997,853.56	Estimated Administrative Fee @ 9.0%:	192,600.00
Other Recoveries - Special Fund:	-	Actuarial Liability, 6/30/13:	\$ 2,332,600.00
Other Recoveries - SCF:	-		
Total Recoveries:	1,997,853.56		
Status of Recoveries @ 6/30/13:	\$ 538,053.14		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule The Home Insurance Company

NAIC # 22527

SECTION A		SECTION B	
Date of Insolvency:	June 13, 2003	Total Claims Filed Against Carrier:	47,412
Statutory Deposit:		Total Claims Assigned:	81
Type:	T-Notes	Total Closed Claims Assigned:	43
Held By:	ICA	Total Open Claims Assigned:	38
Amount Posted at Time of Insolvency:	\$ 4,007,000.00		
Amount Received to Date:	(4,007,000.00)	Remaining Unpaid Liability for 38 open claims:	\$ 4,069,699.39
Remaining Balance @ 6/30/13:	-	Unpaid ALAE:	21,922.93
Payments:		Reserves Gross Estimated Unpaid Liability for 38 open claims:	4,091,622.32
July 2003 - June 2005 SF Payments:	333,137.35	Supplemental Reserves with an 80% confidence level	2,962,377.68
July 2005 - June 2010 SF Payments:	2,579,036.46	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	7,054,000.00
July 2010 - June 2013 SF Payments	1,595,758.57	Estimated Administrative Fee @ 9.0%:	634,860.00
Total Payments:	4,507,932.37	Actuarial Liability, 6/30/13	\$ 7,688,860.00
Recoveries:			
Statutory Deposit Received - Special Fund:	4,007,000.00		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	4,007,000.00		
Status of Recoveries @ 6/30/13:	\$ (500,932.37)		

SECTION C
ADDITIONAL ESTATE INFORMATION
None

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Ideal Mutual Insurance Company

NAIC # 14230

SECTION A		SECTION B	
Date of Insolvency:	February 7, 1985	Total Claims Filed Against Carrier:	1,501
Statutory Deposit:		Total Claims Assigned:	74
Type:	Unknown	Total Closed Claims Assigned:	74
Held By:		Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency:	\$ -	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level:	-
Oct 1993 -Dec 2004 SF Payments:	159,104.13	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
July 2005 - June 2013 SF Payments:	11,599.07	Estimated Administrative Fee @ 9.0%:	-
Total Payments:	170,703.20	Actuarial Liability, 6/30/13:	\$ -
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ (170,703.20)		

SECTION C	
<u>ADDITIONAL ESTATE INFORMATION</u>	
None	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Imperial Casualty & Indemnity Company

NAIC # 11487

SECTION A		SECTION B	
Date of Insolvency:	May 12, 2010	Total Claims Filed Against Carrier:	41
Statutory Deposit:		Total Claims Assigned:	20
Type:	T-Notes	Total Closed Claims Assigned:	19
Held By:	ADOI	Total Open Claims Assigned:	1
Amount Posted at Time of Insolvency:	\$ 125,000.00	Remaining Unpaid Liability for 1 open claim:	\$ 25,070.13
Amount Received to Date:	\$ -	Unpaid ALAE:	25.00
Remaining Balance @ 6/30/13:	\$ 125,000.00	Reserves Gross Estimated Unpaid Liability for 1 open claim:	25,095.13
Payments:		Supplemental Reserves with an 80% confidence level	-
2010- June 2013 SF Payments:	42,117.66	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	33,000.00
Total Payments:	42,117.66	Estimated Administrative Fee @ 9.0%:	2,970.00
Recoveries:		Actuarial Liability, 6/30/13	\$ 35,970.00
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ 82,882.34		

SECTION C	
<u>ADDITIONAL ESTATE INFORMATION</u>	
None	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Imperial Insurance Company

NAIC # 11495

SECTION A		SECTION B	
Date of Insolvency:	January 10, 1978	Total Claims Filed Against Carrier:	923
Statutory Deposit:		Total Claims Assigned:	12
Type:	Surety	Total Closed Claims Assigned:	12
Held By:	SCF	Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency:	\$ -	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level:	-
Dec 1999 - Dec 2000 SF Payments:	53,259.66	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Mar 2001 - June 2004 SF Payments:	41,110.74	Estimated Administrative Fee @ 9.0%:	-
July 2008 - June 2013 SF Payments:	23,489.88	Actuarial Liability, 6/30/13:	\$ -
Total Payments:	117,860.28		
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ (117,860.28)		

SECTION C	
ADDITIONAL ESTATE INFORMATION	
None	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Legion Insurance Company

NAIC # 24422

SECTION A		SECTION B	
Date of Insolvency:	July 28, 2003	Total Claims Filed Against Carrier:	8,977
Statutory Deposit:		Total Claims Assigned:	372
Type:	T-Notes/Bonds	Total Closed Claims Assigned:	324
Held By:	ICA	Total Open Claims Assigned:	48
Amount Posted at Time of Insolvency:	\$ 13,212,284.00	Remaining Unpaid Liability for 48 open claims:	\$ 8,925,720.71
Amount Received to Date:	(13,212,284.00)	Unpaid ALAE:	25,308.69
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 48 open claims:	8,951,029.40
Payments:		Supplemental Reserves with an 80% confidence level:	7,586,970.60
November 2002-June 2005 SF Payments:	4,647,181.86	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	16,538,000.00
July 2005 - June 2012 SF Payments:	6,119,381.74	Estimated Administrative Fee @ 9.0%:	1,488,420.00
July 2012 - June 2013 SF Payments:	1,474,384.17	Actuarial Liability, 6/30/13:	\$ 18,026,420.00
Total Payments:	12,240,947.77		
Recoveries:			
Statutory Deposit Received - Special Fund:	13,212,284.00		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	1,078,604.65		
Other Recoveries - SCF:	-		
Total Recoveries:	14,290,888.65		
Status of Recoveries @ 6/30/13:	\$ 2,049,940.88		

SECTION C
ADDITIONAL ESTATE INFORMATION
None

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule LMI Insurance Company

NAIC # 23066

SECTION A		SECTION B	
Date of Insolvency:	May 23, 2000	Claims Filed Against Carrier:	38
Statutory Deposit:		Total Claims Assigned:	5
Type:	T-Notes	Total Closed Claims Assigned:	5
Held By:	Returned to Liq.	Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency: (see Section C for details)	\$ -	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level:	-
Jul 2005 SF Payments:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
July 2011 - June 2013 SF Payments:	-	Estimated Administrative Fee @ 9.0%:	-
Total Payments:	-	Actuarial Liability, 6/30/13:	\$ -
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ -		

SECTION C	
<u>ADDITIONAL ESTATE INFORMATION</u>	
\$120,620.77 statutory deposit was returned to liquidator on May 17, 2012.	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Lumbermens Mutual Casualty Co.

NAIC # 22977

SECTION A		SECTION B	
Date of Insolvency:	May 10, 2013	Total Claims Filed Against Carrier:	24,725
Statutory Deposit:		Total Claims Assigned:	60
Type:	T-Notes	Total Closed Claims Assigned:	1
Held By:	ADOI	Total Open Claims Assigned:	59
Amount Posted at Time of Insolvency:	\$ 6,655,483.79	Remaining Unpaid Liability for 59 open claims:	\$ 6,116,446.32
Amount Received to Date:	-	Unpaid ALAE:	26,319.00
Remaining Balance @ 6/30/13:	6,655,483.79	Reserves Gross Estimated Unpaid Liability for 59 open claims:	6,142,765.32
Payments:		Supplemental Reserves with an 80% confidence level:	4,655,234.68
June 2013 Payments:	330.67	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	10,798,000.00
Total Payments:	330.67	Estimated Administrative Fee @ 9.0%:	971,820.00
Recoveries:		Actuarial Liability, 6/30/13:	\$ 11,769,820.00
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ 6,655,153.12		

SECTION C	
<u>ADDITIONAL ESTATE INFORMATION</u>	
None	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Mission Insurance Company

NAIC # 23604

SECTION A		SECTION B	
Date of Insolvency:	February 24, 1987	Total Claims Assigned to Carrier:	58,940
Statutory Deposit:		Total Claims Assigned:	739
Type:	T-Notes/Bonds	Total Closed Claims Assigned:	698
Held By:	SCF	Total Open Claims Assigned:	41
Amount Posted at Time of Insolvency:	\$ 16,800,000.00		
Amount Received to Date:	(15,774,928.33)	Remaining Unpaid Liability for 41 open claims:	\$ 1,453,390.34
Remaining Balance @ 6/30/13:	1,025,071.67	Unpaid ALAE:	1,653.00
Payments:		Reserves Gross Estimated Unpaid Liability for 41 open claims:	1,455,043.34
April 1988 -March 1995 SCF Payments:	8,703,011.68	Supplemental Reserves with an 80% confidence level:	739,956.66
Jul 1995 -Feb 2005 SF Payments:	4,568,282.29	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	2,195,000.00
Jul 2005 - Jun 2013 SF Payments:	1,850,831.08	Estimated Administrative Fee @ 9.0%:	197,550.00
Total Payments:	15,122,125.05	Actuarial Liability, 6/30/13:	\$ 2,392,550.00
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	15,774,928.33		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	15,774,928.33		
Status of Recoveries @ 6/30/13:	\$ 1,677,874.95		
SECTION C			
ADDITIONAL ESTATE INFORMATION			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule

Mission National Insurance Company

NAIC # 35033

SECTION A		SECTION B	
Date of Insolvency:	February 24, 1987	Total Claims Filed Against Carrier:	21,666
Statutory Deposit:	No Stat Dep	Total Claims Assigned:	328
Type		Total Closed Claims Assigned:	297
Held By		Total Open Claims Assigned:	31
Amount Posted at Time of Insolvency:	\$ -	Remaining Unpaid Liability for 31 open claims:	\$ 6,169,227.40
Amount Received to Date:	-	Unpaid ALAE:	6,156.55
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 31 open claims:	6,175,383.95
Payments:		Supplemental Reserves with an 80% confidence level:	3,452,616.05
April 1987 -Feb 2005 SF Payments:	13,915,310.56	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	9,628,000.00
March 2005 to June 2005 SF Payments:	126,326.85	Estimated Administrative Fee @ 9.0%:	866,520.00
July 2005 - June 2013 SF Payments:	4,067,995.83	Actuarial Liability, 6/30/13:	\$ 10,494,520.00
Total Payments:	18,109,633.24		
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	14,332,774.25		
Other Recoveries - SCF:	15,961,577.74		
Total Recoveries:	30,294,351.99		
Status of Recoveries @ 6/30/13:	\$ 12,184,718.75		

SECTION C
ADDITIONAL ESTATE INFORMATION
Mission National purchased a bond from Mission, which went into receivership as well. Therefore, there is no surety to reimburse the amounts expended by Mission National.
Affiliated Companies: Holland America Insurance Company, Mission Reinsurance Corporation, Enterprise Insurance Company and Mission Insurance Company.

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule

Park Avenue Insurance Company (& Providence)

NAIC # 28711

SECTION A		SECTION B	
Date of Insolvency:	November 18, 2009	Total Claims Filed against Carrier:	327
Statutory Deposit:		Total Claims Assigned:	48
Type:	T-Bills	Total Closed Claims Assigned:	41
Held By:	ADOI	Total Open Claims Assigned:	7
Amount Posted at Time of Insolvency:	\$ 675,000.00		
Amount Received to Date:	-	Remaining Unpaid Liability for 7 open claims:	\$ 1,415,627.62
Remaining Balance @ 6/30/13:	675,000.00	Unpaid ALAE:	4,872.37
Payments:		Reserves Gross Est. Unpaid Liability with Fee for 7 open claims:	1,420,499.99
July 2002 - Sept 2013 SF Payments:	547,035.18	Supplemental Reserves with an 80% confidence level:	2,845,500.01
Total Payments:	547,035.18	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	4,266,000.00
Recoveries:		Estimated Administrative Fee @ 9.0%:	383,940.00
Statutory Deposit Received - Special Fund:	-	Actuarial Liability, 6/30/13:	\$ 4,649,940.00
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	99,077.70		
Other Recoveries - SCF:	-		
Total Recoveries:	99,077.70		
Status of Recoveries @ 6/30/13:	\$ 227,042.52		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Paula Insurance Company

NAIC # 32115

SECTION A		SECTION B	
Date of Insolvency:	June 21, 2002	Total Claims Filed Against Carrier:	10,906
Statutory Deposit:		Total Claims Assigned:	599
Type	T-Notes/Bonds	Total Closed Claims Assigned:	522
Held by	SCF	Total Open Claims Assigned:	77
Amount Posted at Time of Insolvency:	\$ 8,148,000.00	Remaining Unpaid Liability for 77 open claims:	\$ 8,255,815.41
Amount Received to Date:	(8,148,000.00)	Unpaid ALAE:	13,843.40
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 77 open claims:	\$ 8,269,658.81
Payments:		Supplemental Reserves with an 80% confidence level:	6,502,341.19
Sept 2002 - June 2005 SF Payments:	5,372,470.74	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	14,772,000.00
July 2005 - June 2013 SF Payments:	6,667,144.38	Estimated Administrative Fee @ 9.0%:	1,329,480.00
Total Payments:	12,039,615.12	Actuarial Liability, 6/30/13:	\$16,101,480.00
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	8,148,000.00		
Other Recoveries - Special Fund:	1,499,434.36		
Other Recoveries - SCF:	-		
Total Recoveries:	9,647,434.36		
Status of Recoveries @ 6/30/13:	\$ (2,392,180.76)		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Pegasus Insurance Company

NAIC #38474

SECTION A		SECTION B	
Date of Insolvency:	August 12, 2010	<i>Total Claims Filed against Carrier:</i>	0
Statutory Deposit:		<i>Total Claims Assigned:</i>	0
Type:	T-Notes	<i>Total Closed Claims Assigned:</i>	0
Held By:	Ret. to Liq.	<i>Total Open Claims Assigned:</i>	0
Amount Posted at Time of Insolvency: (see Section C for details)	\$ -		
Amount Received to Date:	-	<i>Remaining Unpaid Liability for 0 open claims:</i>	\$ -
Remaining Balance @ 6/30/13:	-	<i>Unpaid ALAE:</i>	-
Payments:		Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Jul 2011- June 2012 SF Payments:	-	<i>Supplemental Reserves with an 80% confidence level:</i>	-
Total Payments:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Recoveries:		<i>Estimated Administrative Fee @ 9.0%:</i>	
Statutory Deposit Received - Special Fund:	-	Actuarial Liability, 6/30/13:	\$ -
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ -		

SECTION C
<u>ADDITIONAL ESTATE INFORMATION</u>
\$100,000 statutory deposit was returned to liquidator during the month of January 2013.

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule PHICO Insurance Company

NAIC # 35718

SECTION A		SECTION B	
Date of Insolvency:	February 1, 2002	Total Claims Filed Against Carrier:	65
Statutory Deposit:		Total Claims Assigned:	64
Type	T-Notes	Total Closed Claims Assigned:	64
Held By	Ret. to Carrier	Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency: <i>(see Section C for details)</i>	\$ 33,020.00		
Amount Received to Date:	(33,020.00)	Remaining Unpaid Liability for 0 open claims:	\$ -
Remaining Balance @ 6/30/13:	-	Unpaid Est. Administrative Fee @ 9.0%:	-
Payments:		Unpaid ALAE:	-
July 2002 - June 2005 SF Payments:	988.83	Reserves Gross Est. Unpaid Liability with Fee for 0 open claims:	-
July 2005 - June 2013 SF Payments:	29.88	Supplemental Reserves with an 80% confidence level	
Total Payments:	1,018.71	AMI Risk Management Actuarial Liability, 6/30/13	\$ -
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	33,020.00		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	33,020.00		
Status of Recoveries @ 6/30/13:	\$ 32,001.29		

SECTION C
ADDITIONAL ESTATE INFORMATION
Original amount of statutory deposit was \$136,000; \$102,980 was returned to liquidator on June 20, 2010.

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Realm National Insurance Company

NAIC # 15466

SECTION A		SECTION B	
Date of Insolvency:	June 15, 2005	Total Claims Filed Against Carrier:	76
Statutory Deposit:		Total Claims Assigned:	76
Type:	Notes	Total Closed Claims Assigned:	75
Held By:	ICA	Total Open Claims Assigned:	1
Amount Posted at Time of Insolvency:	\$ 227,727.00	Remaining Unpaid Liability for 1 open claim:	\$ 56,545.59
Amount Received to Date:	(227,727.00)	Unpaid ALAE:	84.00
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 1 open claim:	56,629.59
Payments:		Supplemental Reserves with an 80% confidence level:	44,370.41
Prior SF Payments:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	101,000.00
July 2005 - June 2013 SF Payments:	105,818.09	Estimated Administrative Fee @ 9.0%:	9,090.00
Total Payments:	105,818.09	Actuarial Liability, 6/30/13:	\$ 110,090.00
Recoveries:			
Statutory Deposit Received - Special Fund:	227,727.00		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	227,727.00		
Status of Recoveries @ 6/30/13:	\$ 121,908.91		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Reinsurance Company of America

NAIC # 26549

SECTION A		SECTION B	
Date of Insolvency:	April 27, 2011	Total Claims Filed against Carrier:	49
Statutory Deposit:		Total Claims Assigned:	1
Type:	T-Notes	Total Closed Claims Assigned:	0
Held By:	ADOI	Total Open Claims Assigned:	1
Amount Posted at Time of Insolvency:	\$ 525,000.00		
Amount Received to Date:	-	Remaining Unpaid Liability for 1 open claim :	\$ 153,241.98
Remaining Balance @ 6/30/13:	525,000.00	Unpaid ALAE:	3,234.05
Payments:		Reserves Gross Est. Unpaid Liability for 1 open claim:	156,476.03
SF Payments:	-	Supplemental Reserves with an 80% confidence level	195,523.97
Apr 2011 - June 2013 SF Payments:	18,851.41	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	352,000.00
Total Payments:	18,851.41	Estimated Administrative Fee @ 9.0%:	\$ 31,680.00
Recoveries:		Actuarial Liability, 6/30/13	383,680.00
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ 506,148.59		
SECTION C			
ADDITIONAL ESTATE INFORMATION			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Reliance Insurance Company

NAIC # 24457

SECTION A		SECTION B	
Date of Insolvency:	October 3, 2001	Total Claims Filed Against Carrier:	29,940
Statutory Deposit:		Total Claims Assigned:	345
Type:	T-Notes	Total Closed Claims Assigned:	286
Held By:	Ancillary Receiver	Total Open Claims Assigned:	59
Amount Posted at Time of Insolvency:	\$ 22,420,500.00	Remaining Unpaid Liability for 59 open claims:	\$ 10,732,699.15
Amount Received to Date:	(10,941,538.39)	Unpaid ALAE:	32,071.69
Remaining Balance @ 6/30/13:	11,478,961.61	Reserves Gross Estimated Unpaid Liability for 59 open claims:	10,764,770.84
Payments:		Supplemental Reserves with an 80% confidence level:	9,202,229.16
July 2002 - July 2005 Prior SF Payments:	4,599,962.72	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	19,967,000.00
July 2005 - June 2013 SF Payments:	6,122,990.13	Estimated Administrative Fee @ 9.0%:	1,797,030.00
Total Payments:	10,722,952.85	Actuarial Liability, 6/30/13:	\$ 21,764,030.00
Recoveries:			
Statutory Deposit Received - Special Fund:	6,847,156.27		
Statutory Deposit Received - SCF:	4,094,382.12		
Other Recoveries - Special Fund:	121,000.71		
Other Recoveries - SCF:	-		
Total Recoveries:	11,062,539.10		
Status of Recoveries @ 6/30/13:	\$ 11,818,547.86		

SECTION C
<u>ADDITIONAL ESTATE INFORMATION</u>
Affiliate Companies: United Pacific Insurance Company, Reliance National Indemnity Company, Reliance National Insurance Company, Reliance Surety Company, Reliance Universal Insurance Company, Reliance Direct Insurance Company

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Rockwood Insurance Company

NAIC # 12505

SECTION A		SECTION B	
Date of Insolvency:	August 26, 1991	Total Claims Filed Against Carrier:	10,107
Statutory Deposit:		Total Claims Assigned:	10
Type:	Surety Bond	Total Closed Claims Assigned:	9
Held By:	ICA	Total Open Claims Assigned:	1
Amount Posted at Time of Insolvency:	\$ 214,214.00	Remaining Unpaid Liability for 1 open claim:	\$ 40,703.17
Amount Received to Date:	(214,214.00)	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 1 open claim:	40,703.17
Payments:		Supplemental Reserves with an 80% confidence level:	18,296.83
Jul 2002 -Jun 2005 SF Payments:	258,649.23	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	59,000.00
July 2005 - June 2013 SF Payments:	71,431.55	Estimated Administrative Fee @ 9.0%:	5,310.00
Total Payments:	330,080.78	Actuarial Liability, 6/30/13:	\$ 64,310.00
Recoveries:			
Statutory Deposit Received - Special Fund:	214,214.00		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	214,214.00		
Status of Recoveries @ 6/30/13:	\$ (115,866.78)		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule S&H Insurance Company

NAIC # 26964

SECTION A		SECTION B	
Date of Insolvency:	April 16, 1985	Total Claims Filed against Carrier:	3,657
Statutory Deposit:		Total Claims Assigned:	19
Type:	Surety Bonds	Total Closed Claims Assigned:	15
Held By:	SCF	Total Open Claims Assigned:	4
Amount Posted at Time of Insolvency:	\$ -	Remaining Unpaid Liability for 4 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 4 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level:	-
Mar 2001 - Jul 2005 SF Payments:	469,571.49	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
July 2005 - June 2013 SF Payments:	209,721.83	Estimated Administrative Fee @ 9.0%:	-
Total Payments:	679,293.32	Actuarial Liability, 6/30/13:	\$ -
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ (679,293.32)		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
SCF received bond and released the Special Fund of liability.			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule South Carolina Insurance Company

NAIC # 24953

SCHEDULE A		SCHEDULE B	
Date of Insolvency:	March 21, 2005	Total Claims Filed Against Carrier:	4
Statutory Deposit:		Total Claims Assigned:	1
Type:	See Section C	Total Closed Claims Assigned:	1
Held By:	N/A	Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency: <i>(see Section C for details)</i>	\$ -	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level:	-
Jul 2005 SF Payments:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
July 2005 - June 2012 SF Payments:	150,019.09	Estimated Administrative Fee @ 9.0%:	-
Total Payments:	150,019.09	Actuarial Liability, 6/30/13:	\$ -
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ (150,019.09)		

SECTION C
<u>ADDITIONAL ESTATE INFORMATION</u>
\$110,000 statutory deposit was returned to South Carolina Insurance Co. on August 7, 1995.

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Statewide Insurance Company

NAIC # 41416

SECTION A		SECTION B	
Date of Insolvency:	January 6, 2004	Total Claims Filed Against Carrier:	0
Statutory Deposit:		Total Claims Assigned:	0
Type:	Notes & Bonds	Total Closed Claims Assigned:	0
Held By:	See Section C	Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency: (see Section C for details)	\$ -	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level:	-
Prior SF Payments:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Total Payments:	-	Estimated Administrative Fee @ 9.0%:	-
Recoveries:		Actuarial Liability, 6/30/13:	\$ -
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ -		

SECTION C
<u>ADDITIONAL ESTATE INFORMATION</u>
\$110,000 statutory deposit was returned to liquidator on November 15, 2006 due to no assigned claims.

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule

Subscribers at Casualty Reciprocal Exchange

NAIC # 21237

SECTION A		SECTION B	
Date of Insolvency:	August 18, 2004	Total Claims Filed Against Carrier:	745
Statutory Deposit:		Total Claims Assigned:	17
Type:	Tbills & MM	Total Closed Claims Assigned:	14
Held By:	ADOI	Total Open Claims Assigned:	3
Amount Posted at Time of Insolvency:	\$ 940,855.40	Remaining Unpaid Liability for 3 open claims:	\$ 246,833.89
Amount Received to Date:	-	Unpaid ALAE:	64.00
Remaining Balance @ 6/30/13:	940,855.40	Reserves Gross Est. Unpaid Liability with fee for 3 open claims:	\$ 246,897.89
Payments:		Supplemental Reserves with an 80% confidence level:	213,102.11
April - June 2005 SF Payments:	127,689.99	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	460,000.00
July 2005 - June 2013 SF Payments:	505,054.52	Estimated Administrative Fee @ 9.0%:	41,400.00
Total Payments:	632,744.51	Actuarial Liability, 6/30/13:	\$ 501,400.00
Recoveries:			
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ 308,110.89		

SECTION C	
<u>ADDITIONAL ESTATE INFORMATION</u>	
None	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Superior National Insurance Company

NAIC # 37753

SECTION A		SECTION B	
Date of Insolvency:	September 26, 2000	Total Claims Filed Against Carrier:	4,526
Statutory Deposit:		Total Claims Assigned:	974
Type:	Cash Securities	Total Closed Claims Assigned:	938
Held By:	SCF	Total Open Claims Assigned:	36
Amount Posted at Time of Insolvency:	\$ 4,849,741.20		
Amount Received to Date:	(4,849,741.20)	Remaining Unpaid Liability for 36 open claims:	\$ 5,208,776.33
Remaining Balance @ 6/30/13:	-	Unpaid ALAE:	14,293.53
Payments:		Reserves Gross Est. Unpaid Liability for 36 open claims:	5,223,069.86
Mar 2001 - June 2005 SF Payments:	4,193,627.73	Supplemental Reserves with an 80% confidence level:	4,253,930.14
July 2005 - June 2013 SF Payments:	2,131,562.21	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	9,477,000.00
Total Payments:	6,325,189.94	Estimated Administrative Fee @ 9.0%:	852,930.00
Recoveries:		Actuarial Liability, 6/30/13:	\$ 10,329,930.00
Statutory Deposit Received - Special Fund:	840,539.20		
Statutory Deposit Received - SCF:	4,009,202.00		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	4,849,741.20		
Status of Recoveries @ 6/30/13:	\$ (1,475,448.74)		

SECTION C
<u>ADDITIONAL ESTATE INFORMATION</u>
Affiliate Companies: California Compensation Insurance Company, Combined Benefits Insurance Company, Commercial Casualty Company and Superior Pacific Casualty Company.

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Superior Pacific Casualty Company

SECTION A		SECTION B	
Date of Insolvency:	September 26, 2000	Total Claims Filed Against Carrier:	2,435
Statutory Deposit:		Total Claims Assigned:	74
Type:	Cash Securities	Total Closed Claims Assigned:	70
Held By:	SCF	Total Open Claims Assigned:	4
Amount Posted at Time of Insolvency:	\$ 233,910.00		
Amount Received to Date:	(233,910.00)		
Remaining Balance @ 6/30/13:	-		
Payments:		Remaining Unpaid Liability for 4 open claims:	\$ 655,050.80
Mar 2001 - Jun 2005:	552,087.18	Unpaid ALAE:	225.00
July 2005 - June 2013 SF Payments:	225,357.64		
Total Payments:	777,444.82	Reserves Gross Estimated Unpaid Liability for 4 open claims:	655,275.80
Recoveries:		Supplemental Reserves with an 80% confidence level:	509,724.20
Statutory Deposit Received - Special Fund:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	1,165,000.00
Statutory Deposit Received - SCF:	233,910.00	Estimated Administrative Fee @ 9.0%:	104,850.00
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-	Actuarial Liability, 6/30/13:	\$ 1,269,850.00
Total Recoveries:	233,910.00		
Status of Recoveries @ 6/30/13:	\$ (543,534.82)		
SECTION C			
ADDITIONAL ESTATE INFORMATION			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule The Insurance Corporation of New York

NAIC # 18341

SECTION A		SECTION B	
Date of Insolvency:	March 4, 2010	Total Claims Filed against Carrier:	173
Statutory Deposit:		Total Claims Assigned:	1
Type:	T-Notes	Total Closed Claims Assigned:	1
Held By:	ADOI	Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency:	\$ 100,004.00	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	100,004.00	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level:	-
May 2011- June 2012 SF Payments:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Total Payments:	-	Estimated Administrative Fee @ 9.0%:	-
Recoveries:		Actuarial Liability, 6/30/13:	\$ -
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ 100,004.00		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Transit Casualty Insurance Company

NAIC # 12955

SECTION A		SECTION B	
Date of Insolvency:	December 3, 1985	Total Claims Assigned Against Carrier:	321
Statutory Deposit:		Total Claims Assigned:	12
Type	Bond Settlement	Total Closed Claims Assigned:	12
Held By:	SCF	Total Open Claims Assigned:	0
Amount:	\$ 96,775.00		
Statutory Deposit Received:	(96,775.00)	Remaining Unpaid Liability for 0 open claims:	\$ -
Statutory Deposit Balance @ 6/30/2013:	-	Unpaid ALAE:	-
Payments:		Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Inception - Mar 2001 SF Payments:	171,751.27	Supplemental Reserves with an 80% confidence level:	-
Total Payments:	171,751.27	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Recoveries:		Estimated Administrative Fee @ 9.0%:	-
Statutory Deposit Received - Special Fund:	-	Actuarial Liability, 6/30/13:	\$ -
Statutory Deposit Received - SCF:	96,775.00		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	21,836.25		
Total Recoveries:	118,611.25		
Status of Recoveries @ 6/30/13:	\$ (53,140.02)		

SECTION C	
ADDITIONAL ESTATE INFORMATION	
None	

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Ullico Casualty Company

NAIC # 37893

SECTION A		SECTION B	
Date of Insolvency:	Unknown	Total Claims Filed Against Carrier:	883
Statutory Deposit:		Total Claims Assigned:	0
Type:	T-Notes	Total Closed Claims Assigned:	0
Held By:	ADOI	Total Open Claims Assigned:	0
Amount Posted at Time of Insolvency:	\$ 1,920,000.00	Remaining Unpaid Liability for 0 open claims:	\$ -
Amount Received to Date:	-	Unpaid ALAE:	-
Remaining Balance @ 6/30/13:	1,920,000.00	Reserves Gross Estimated Unpaid Liability for 0 open claims:	-
Payments:		Supplemental Reserves with an 80% confidence level:	-
SF Payments:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	-
Total Payments:	-	Estimated Administrative Fee @ 9.0%:	-
Recoveries:		Actuarial Liability, 6/30/13:	\$ -
Statutory Deposit Received - Special Fund:	-		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	-		
Status of Recoveries @ 6/30/13:	\$ 1,920,000.00		

SECTION C
<u>ADDITIONAL ESTATE INFORMATION</u>
None

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Villanova Insurance Company

NAIC # 19577

SECTION A		SECTION B	
Date of Insolvency:	July 28, 2003	Total Claims Filed Against Carrier:	196
Statutory Deposit:		Total Claims Assigned:	60
Type:	T-Notes	Total Closed Claims Assigned:	57
Held By:	ICA	Total Open Claims Assigned:	3
Amount Posted at Time of Insolvency:	\$ 337,855.18	Remaining Unpaid Liability for 3 open claims:	\$ 755,297.60
Amount Received to Date:	(337,855.18)	Unpaid ALAE:	188.00
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 3 open claims:	755,485.60
Payments:		Supplemental Reserves with an 80% confidence level:	865,514.40
Dec 2002 - June 2005 SF Payments:	538,850.98	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	1,621,000.00
July 2005 - June 2013 SF Payments:	750,690.74	Estimated Administrative Fee @ 9.0%:	145,890.00
Total Payments:	1,289,541.72	Actuarial Liability, 6/30/13:	\$ 1,766,890.00
Recoveries:			
Statutory Deposit Received - Special Fund:	337,855.18		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	737,007.68		
Other Recoveries - SCF:	-		
Total Recoveries:	1,074,862.86		
Status of Recoveries @ 6/30/13:	\$ (214,678.86)		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Western Employers Insurance Company

NAIC # 32883

SECTION A		SECTION B	
Date of Insolvency:	April 19, 1991	Total Claims Filed Against Carrier:	124
Statutory Deposit:		Total Claims Assigned:	91
Type:	No Stat Dep	Total Closed Claims Assigned:	71
Held By:		Total Open Claims Assigned:	20
Amount Posted at Time of Insolvency:	\$ -		
Amount Received to Date:	-		
Remaining Balance @ 6/30/13:	-		
Payments:		Remaining Unpaid Liability for 20 open claims:	\$ 2,784,457.55
1991 - May 1998 SF Payments:	1,326,266.05		
June 1998 - Dec 2004 SF Payments:	1,356,284.86		
January 2005 - June 2005 SF Payments:	576,512.39		
July 2005 - June 2013 SF Payments:	2,559,096.78	Unpaid ALAE:	4,117.01
Total Payments:	5,818,160.08	Reserves Gross Estimated Unpaid Liability for 20 open claims:	2,788,574.56
Recoveries:		Supplemental Reserves with an 80% confidence level:	1,503,425.44
Statutory Deposit Received - Special Fund:	-	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	4,292,000.00
Statutory Deposit Received - SCF:	-	Estimated Administrative Fee @ 9.0%:	386,280.00
Other Recoveries - Special Fund:	668,777.73	Actuarial Liability, 6/30/13:	\$ 4,678,280.00
Other Recoveries - SCF:	1,640,982.90		
Total Recoveries:	2,309,760.63		
Status of Recoveries @ 6/30/13:	\$ (3,508,399.45)		
SECTION C			
ADDITIONAL ESTATE INFORMATION			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

Carrier Schedule Western Growers Insurance Company

NAIC # 29947

SECTION A		SECTION B	
Date of Insolvency:	January 17, 2003	Total Claims Assigned to Carrier:	627
Statutory Deposit:		Total Claims Assigned:	594
Type:	T-Notes	Total Closed Claims Assigned:	586
Held By:	SCF	Total Open Claims Assigned:	8
Amount Posted at Time of Insolvency:	\$ 1,510,248.74	Remaining Unpaid Liability for 8 open claims:	\$ 350,418.55
Amount Received to Date:	(1,510,248.74)	Unpaid ALAE:	200.00
Remaining Balance @ 6/30/13:	-	Reserves Gross Estimated Unpaid Liability for 8 open claims:	350,618.55
Payments:		Supplemental Reserves with an 80% confidence level:	252,381.45
Feb 2003 - June 2005 SF Payments:	333,137.35	AMI Risk Management Actuarial Liability @ 80%, 6/30/13:	603,000.00
July 2005 - June 2013 SF Payments:	367,103.70	Estimated Administrative Fee @ 9.0%:	54,270.00
Total Payments:	700,241.05	Actuarial Liability, 6/30/13:	\$ 657,270.00
Recoveries:			
Statutory Deposit Received - Special Fund:	1,510,248.74		
Statutory Deposit Received - SCF:	-		
Other Recoveries - Special Fund:	-		
Other Recoveries - SCF:	-		
Total Recoveries:	1,510,248.74		
Status of Recoveries @ 6/30/13:	\$ 810,007.69		
SECTION C			
<u>ADDITIONAL ESTATE INFORMATION</u>			
None			

To understand the insolvency and resulting liability to the Special Fund, the Carrier Schedule should be read in combination with the Schedule of Insolvent Carriers and the SB1310 narrative report.

**Industrial Commission of Arizona
Special Fund Insolvent Carrier Report
Insolvent Carrier Reporting Methodology**

The Industrial Commission of Arizona (“Commission”) Accounting Division has established the following methodology to fairly present assets held for the payment of claims of insolvent carriers as defined in A.R.S. § 20-661.

A. Carrier Schedule “Section A” Report Preparation

The statutory deposit amounts were verified by obtaining copies of one or more of the following documents: original statutory deposit amount forms; Arizona Department of Insurance Schedule P; Early Release Agreement; bank statement; surety bond; Arizona Department of Insurance FAD Monthly Holdings Report or Commission receipt. Payment information was obtained from third-party insolvent carrier reports (currently labeled PHS 1210).

Upon receipt of the third-party insolvent carrier reports, the accounting staff shall:

1. Verify that all the insolvent carriers listed on the third party insolvent carrier reports are valid;
2. Verify and reconcile the Commission assigned insolvent carrier claims to the contracted third party insolvent carrier administrator’s (TPA) report listing. All identified discrepancies noted during reconciliation will be communicated to the TPA;
3. Verify that all the insolvent carrier payments listed on the reports are valid (i.e., medical, compensation, expense and administrative fee). The current administrative fee is 9.0%; this amount is set by contract and can change if the fee percentage is negotiated and agreed upon by the Commission and the contracted TPA. Identified discrepancies found during reconciliation shall be communicated to the contracted TPA;
4. Determine if ancillary or domestic receiver monies received are reimbursements from the statutory deposit. Ancillary and domestic receivers are appointed by the courts to manage, among other things, the draw-down of the statutory deposits of the guaranty funds; and
5. Verify any other recoveries, such as liquidator disbursements and third-party recoveries. In general, third-party recoveries are a reimbursement of an overpayment or a settlement.

B. Methodology for Determining Assets Held for the Payment of Claims

Regardless of which entity holds the statutory deposit, the methodology on the individual insolvent carrier schedule is as follows:

Category 1: Statutory Deposit

Amount Posted at Time of Insolvency: This is the principal amount of the insolvent carrier statutory deposit.

Amount Received to Date: This is the amount of the net reimbursements made from the statutory deposit posted at time of insolvency. This amount is subtracted from the Amount Posted at Time of Insolvency.

Remaining Balance @ 6/30/13: This is the amount of the remaining principal of the statutory deposit.

**Industrial Commission of Arizona
Special Fund Insolvent Carrier Report
Insolvent Carrier Reporting Methodology**

Category 2: Payments

This includes workers' compensation claim payments paid through June 30, 2103, during the insolvency. Payments are totaled and presented in an aggregate amount.

Category 3: Recoveries

Recoveries are broken down into sub-categories. Statutory deposit reimbursements are posted under Statutory Deposit Received-Special Fund and Statutory Deposit Received-SCF. Liquidator disbursements or third party receipts are posted as Other Recoveries-Special Fund and Other Recoveries-SCF. All are then presented in an aggregate total.

Category 4: Status of Recoveries

The formula for determining Status of Recoveries is as follows:

$$\begin{array}{ccccccc} \text{Category 1} & & \text{Category 2} & & \text{Category 3} & & \text{Category 4} \\ \text{Remaining} & & \text{Total} & & \text{Total} & & \text{Status of} \\ \text{Balance} & - & \text{Payments} & + & \text{Recoveries} & = & \text{Recoveries} \end{array}$$

Methodology

Exception: Great States Insurance Company

The Commission holds a surety bond. The Commission does not hold any cash or assets from the surety bond. The surety bond is for a two year bonding period. Therefore, only claims with dates of injury that fall within the two year period are covered by the bond. The amount the surety owes was determined by separating the active claims that fall within the designated two year period. These payments are listed and added together to obtain an aggregate amount owed by the surety to the Special Fund. The payments that fall within the bonding period are listed and totaled in Section C of the Carrier Schedule. The total payments listed include all payments made regardless of whether or not they are covered by the surety bond.

C. Carrier Schedule Section A and Section B Report Sources

The type of information cited on the carrier schedule includes the date of insolvency, statutory deposit type, amount and which entity is holding the deposit. The carrier schedule also includes claimant payment information, recoveries received, amount of statutory deposit remaining, calculated third party administrator reserves and actuarial liability of the insolvent carrier. This information was obtained from various sources. Those sources are as follows:

**Industrial Commission of Arizona
Special Fund Insolvent Carrier Report
Insolvent Carrier Reporting Methodology**

INFORMATION TYPE	SOURCE OBTAINED FROM
<ul style="list-style-type: none"> • Statutory Deposit Date of Insolvency 	<ul style="list-style-type: none"> • Liquidation Order, Liquidator Website, NAIC GRID
<ul style="list-style-type: none"> • Statutory Deposit Type • Statutory Deposit Held By 	<ul style="list-style-type: none"> • Arizona Department of Insurance (ADOI) FAD Monthly Holdings Report as of June 30, 2013 • SCF Arizona (formerly known as State Compensation Fund) - prior to the statute change • Industrial Commission of Arizona - after the statute change
<ul style="list-style-type: none"> • Payments 	<ul style="list-style-type: none"> • SCF Arizona (formerly known as State Compensation Fund), Claimant Payment Report # AF620E
<ul style="list-style-type: none"> • Recoveries 	<ul style="list-style-type: none"> • SCF Arizona (formerly known as State Compensation Fund), Liquidator or Ancillary Receiver
<ul style="list-style-type: none"> • Total Claims Filed Against Carrier 	<ul style="list-style-type: none"> • The Commission's CLMVCAR report and Legacy report
<ul style="list-style-type: none"> • Open Claim Reserve Information • Total Claims Assigned • Closed Claims • Open Claims • Remaining Unpaid Liability for Open Claims • Unpaid ALAE • Reserves Gross Estimated Unpaid Liability for Open Claims 	<ul style="list-style-type: none"> • SCF Arizona (formerly known as State Compensation Fund), Claimant Payment Report #PHS 1210
<ul style="list-style-type: none"> • Supplemental with 80% confidence level 	<ul style="list-style-type: none"> • Manual Calculation - This amount is the difference between the "Reserves Gross Estimated Unpaid Liability for Open Claims" determined by SCF Arizona and the Actuarial Liability determined by AMI Risk Consultants, Inc.
<ul style="list-style-type: none"> • Actuarial Liability • Estimated Admin Fee @ 9.0% 	<ul style="list-style-type: none"> • AMI Risk Consultants, Inc., Statement of Actuarial Opinion and Loss and Loss Adjustment Expense Reserve Review of Insolvent Insurance Carriers, June 30, 2013.

APPENDIX



AMI Risk Consultants, Inc.
Statement of Actuarial Opinion and
Loss and Loss Adjustment Expense Reserve Review of Insolvent
Insurance Carriers, June 30, 2013

Industrial Commission of Arizona

Loss and Loss Adjustment Expense Reserve Review of Insolvent Insurance Carriers June 30, 2013

Firm: AMI Risk Consultants, Inc.
1336 SW 146th Ct.
Miami, Florida 33184
(305) 273-1589

Contact: Aguedo (Bob) M. Ingco, FCAS, MAAA, CPCU, ARM

Date: November 15, 2013



STATEMENT OF ACTUARIAL OPINION
INDUSTRIAL COMMISSION OF ARIZONA
SPECIAL FUND INSOLVENT CARRIERS
LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES
AS OF JUNE 30, 2013

IDENTIFICATION

I, Aguedo M. Ingco, am an employee of the firm of AMI Risk Consultants, Inc. I am a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. I meet the Academy's qualification standards for issuing an actuarial opinion on loss and loss adjustment expense ("LAE") reserves.

I have been retained by the Industrial Commission of Arizona ("ICA") for the purpose of expressing an opinion with regard to the Insolvent Carrier loss and LAE reserves of the ICA's Special Fund as of June 30, 2013.

SCOPE

I have examined the reserves listed in Exhibit A, as recorded by the ICA in their financial statement as of June 30, 2013. The reserves listed in Exhibit A reflect the Disclosure Items (8-13) listed in Exhibit B.

In forming my opinion on the loss and LAE reserves, I relied upon information provided by Ms. Sylvia Simpson, CPA, CGFM, Controller of the Commission, as to the accuracy and completeness of the data. I evaluated the data that was provided for reasonableness and consistency.

OPINION

In my opinion, the amounts carried in the scope paragraph on account of the items identified:

- Meet the requirements of the insurance laws of State of Arizona;
- Are consistent with reserves computed in accordance with Standards of Practice issued by the Actuarial Standards Board (including the Casualty Actuarial Society's Statement of Principles Regarding Property and Casualty Loss and Loss Adjustment Expense Reserves); and
- Make a reasonable provision for all Insolvent Carrier unpaid loss and loss adjustment expense obligations of the ICA's Special Fund under the terms of the contracts, agreements and statutory requirements governing the settlement of these claims.

RELEVANT COMMENTS

A. Risk of Material Adverse Deviation

I believe that there are significant risks associated with the ICA's Insolvent Carrier claims that could result in material adverse deviation. Those risks are the following:

- The accident year loss data available for actuarial analysis is not cumulative. Some claims were paid by the carrier prior to the insolvency, and some while the carrier was in run-off status under the control the appropriate insurance department. The data available for analysis consists of payments made and case reserves established by the Arizona State Compensation Fund on claims remaining open after carrier assets had been exhausted. Data limited in this fashion does not lend itself to standard actuarial techniques.
- There is the potential for additional insolvencies to arise in the future with open claims in accident years 2013 and prior. Since insolvencies occur on an irregular basis, it is difficult to predict incurred but not reported "(IBNR)" liability from this source.

The ICA has mitigated these risks to a significant extent by recording the 80% confidence level reserve estimate.

To be material, the development would have to reach \$4.25 million. I consider a development of this size to be material because it would increase the Special Fund's existing deficit by 25%.

B. Other Disclosures in Exhibit B

The supplemental indemnity/compensation reserves are discounted at a rate of 1.69%. The supplemental medical reserves are not discounted.

The supplemental reserves are those actuarially determined reserves and are in addition to the case reserves established by the claim administrator, the Arizona State Compensation Fund.

CONCLUSION

An actuarial report and underlying workpapers supporting the findings expressed in this statement of actuarial opinion have been provided to the ICA to assist the ICA in complying with the requirements of Arizona Senate Bill 1310. I disclaim their use for any other purpose.

The required Exhibits A and B are attached to this statement.



Aguedo M. Ingco, FCAS, MAAA
AMI Risk Consultants, Inc.
1336 SW 146th Court
Miami, FL 33184
(305) 273-1589

November 15, 2013

Date

Exhibit A: SCOPE

Loss Reserves:

	<u>Amount</u>
1. Reserve for Unpaid Losses	\$255,844,000
2. Reserve for Unpaid Loss Adjustment Expenses	Included in (1)
3. Reserve for Unpaid Losses - Direct and Assumed	\$255,844,000
4. Reserve for Unpaid Loss Adjustment Expenses - Direct and Assumed	Included in (3)
5. The Page 3 write-in item reserve, "Retroactive Reinsurance Reserve Assumed"	N/A
6. Other Loss Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	None

Premium Reserves

	<u>Amount</u>
7. Reserve for Direct and Assumed Unearned Premiums for Long Duration Contracts	N/A
8. Reserve for Net Unearned Premiums for Long Duration Contracts	N/A
9. Other Premium Reserve items on which the Appointed Actuary is expressing an Opinion (list separately)	N/A

Exhibit B: DISCLOSURES

- | | | |
|---|--------------|---------------|
| 1. Name of the Appointed Actuary | <i>Ingco</i> | <i>Aguedo</i> |
| 2. The Appointed Actuary's Relationship to the Company.
E if an Employee
C if a Consultant | | <i>C</i> |
| 3. The Appointed Actuary is a Qualified Actuary based upon what qualification? Enter F, A, M, or O based upon the following:
F if a Fellow of the Casualty Actuarial Society (FCAS)
A if an Associate of the Casualty Actuarial Society (ACAS)
M if not a member of the Casualty Actuarial Society, but a Member of the American Academy of Actuaries (MAAA) approved by the Casualty Practice Council, as documented with the attached approval letter.
O for Other. | | <i>F</i> |
| 4. Type of Opinion, as identified in the OPINION paragraph. Enter R, I, E, Q, or N based upon the following:
R if Reasonable
I if Inadequate or Deficient Provision
E if Excessive or Redundant Provision
Q if Qualified. Use Q when part of the OPINION is Qualified.
N if No Opinion | | <i>R</i> |
| 5. Materiality Standard expressed in US dollars (Used to Answer Question #6) | | \$4,250,000 |
| 6. Is there a Significant Risk of Material Adverse Deviation? | Yes [x] | No [] |

7. ICA Special Fund Surplus/ (Deficit)		(\$17,012,390)
8. Anticipated net salvage and subrogation included as a reduction to loss reserves		N/A
9. Discount included as a reduction to loss reserves and loss expense reserves		
9.1 Nontabular Discount		\$14,936,000
9.2 Tabular Discount		
10. The net reserves for losses and expenses for the company's share of voluntary and involuntary underwriting pools' and associations' unpaid losses and expenses that are included in reserves		N/A
11. The net reserves for losses and loss adjustment expenses that the company carries for the following liabilities		
11.1. Asbestos	\$0	
11.2. Environmental	\$0	
12. The total claims made extended loss and expense reserve		
12.1. Amount reported as loss reserves	N/A	
12.2. Amount reported as unearned premium reserves	N/A	
13. Other items on which the Appointed Actuary is providing Relevant Comment (list separately)		None

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IV. GLOSSARY OF TERMS

Special Fund

Loss and Loss Adjustment Expense

Reserve Review

Insolvent Insurance Carriers

June 30, 2013

Purpose

AMI Risk Consultants, Inc. (“AMI”) was retained by the Industrial Commission of Arizona (“the ICA”) to evaluate, as of June 30, 2013, the liabilities of the Special Fund arising from Workers’ Compensation claims against insolvent insurance carriers.

AMI provided this report to assist the ICA in complying with the requirements of Arizona Senate Bill 1310.

Terminology

In this report we estimate *total loss and loss adjustment expense reserves*. Those reserves represent the Special Fund’s estimated *unpaid loss and loss adjustment expense liability* as of June 30, 2013. The reserves are separated into the following components:

- *Reported reserves* or *case reserves* which are determined by the claim administrators on a claim by claim basis.
- *Supplemental reserves* which are estimated by AMI and are intended to cover any late reported or reopened claims and any shortfall in the case reserves for pending claims.

The reserve estimates are presented at varying *confidence levels*. The *expected confidence level* estimate is sometimes referred to as the central estimate, and does not contain any risk margin to protect against unexpected adverse claim cost development. The *80% confidence level* estimate, on the other hand, contains a margin to raise the likelihood that the reserve will be sufficient to 80%.

The term “*loss*” or “*losses*” used throughout the report, means *loss and loss adjustment expense* unless otherwise noted.

Amounts are shown in *thousands of dollars* (\$000’s) unless otherwise indicated.

**Acknowledgment
of Qualifications**

Aguedo M. (Bob) Ingco is a consulting actuary and President of AMI Risk Consultants, Inc. He is a Fellow of the Casualty Actuarial Society and a Member of the American Academy of Actuaries. Mr. Ingco meets the qualification standards of the American Academy of Actuaries to provide the estimates in this report and the accompanying statement of opinion.

Conclusions

Unpaid Claim Liabilities (Loss Reserves) at June 30, 2013

Our estimate of the loss reserve of the Special Fund for claims against insolvencies as of June 30, 2013 is **\$255.8 million**. This amount is stated at an approximate **80% confidence level** and is the sum of the following components:

**Special Fund Insolvent Carriers
Estimated Loss Reserves
June 30, 2013
(\$000's)**

Component	Expected Conf. Lvl	80% Conf. Lvl
Reported Reserves	\$129,196	-
Supplemental Reserves	\$47,188	-
SubTotal	\$176,384	\$232,286
SCF 9% Handling Fee on Unpaid Claims	15,875	20,906
Unreimbursed Payments Owed SCF	2,652	2,652
Total Reserves, Handling Fee, Unreimbursed Payments	\$194,911	\$255, 844

In their June 30, 2013 financial statement the **ICA recorded** the 80% confidence level estimate of **\$255,844 thousand** shown above.

The State Compensation Fund ("SCF") handling fee represents amounts the Special Fund will pay to the Arizona State Compensation Fund for administering the unpaid insolvent carrier claims.

The Unreimbursed Payments Owed the SCF are a recognition of the timing difference between the day the SCF makes a claim payment and the day the Special Fund reimburses the SCF for that payment. Such payments continue to be a liability of the Special Fund until reimbursement is made.

Supplemental indemnity/compensation reserves shown are **discounted** assuming a **1.69%** annual return on invested assets. Supplemental medical reserves are not discounted. The total amount of discount deducted is **\$14,936 thousand**.

Estimated reserves by carrier are shown on Page 6.

**Reliance and
Limitations**

In performing our analysis, we relied without audit or verification on the following information:

- Data on insolvent carriers as provided by the State Compensation Fund of Arizona (SCF) as of June 30, 2013
- December 31, 2012 General Business loss reserves of the SCF.

We also spoke with Ms. Sylvia Simpson, CPA, CGFM, Controller of the Commission.

In performing an actuarial review we prepared independent estimates of future claim payments based on the available data. It is possible, however, that the available data will not be predictive of future loss development for the insolvent carriers. Furthermore, we have not anticipated any extraordinary changes to the legal, social and economic environment that might affect the cost and frequency of insolvent carrier claims.

We have employed methods and assumptions that we consider reasonable and appropriate in this instance. Therefore, the reserve amounts estimated in this report, in our opinion, are reasonable, given the information currently available. However, it should be recognized that future loss emergence will likely deviate, perhaps substantially, from our estimates.

**Distribution and
Use**

We prepared this report for the management of the ICA Special Fund to assist the ICA in complying with the requirements of Arizona Senate Bill 1310. We disclaim the use of this report for any other purpose.

We suggest that users of the report review a complete copy as parts considered out of context might be misconstrued.

Background

The Special Fund is a trust fund established to provide workers' compensation benefits for injured employees that are not covered by self insurance or private insurance. One area of coverage for which the Special Fund is responsible is the continued processing and payment of benefits of the workers' compensation claims of insolvent carriers.

For claims assigned to the Special Fund under this responsibility, the Special Fund has a claim against the insolvent carrier for all monies spent or anticipated to be spent, which claim is made upon the securities posted by the carrier or upon any other asset of the carrier.

The claims of insolvent carriers are administered, for a fee, by the Arizona State Compensation Fund.

**Results of
Calculations**

Unpaid Claim Liabilities (Loss Reserves) at June 30, 2013 by Carrier

We estimated the following reserves as of June 30, 2013 for Insolvent Carriers:

Estimated Total Reserves – Insolvent Carriers
(*\$amts in thousands*)

	<i>Reported Reserves</i>	<i>Discounted Supplemental Reserves</i>	<i>Total Discounted Reserves</i>	
			<i>Expected Conf. Lvl</i>	<i>80% Conf. Lvl</i>
<i>Mission Insurance Co.</i>	\$1,455	\$212	\$1,667	\$2,195
<i>Mission Nat'l Ins. Co.</i>	6,175	1,136	7,311	9,628
<i>Enterprise Ins. Co.</i>	34	4	38	50
<i>Employers Cas. Ins. Co.</i>	494	85	579	763
<i>Western Employer's Ins. Co.</i>	2,789	470	3,259	4,292
<i>Carriers Ins. Co.</i>	112	23	135	178
<i>Rockwood Ins. Co.</i>	41	4	45	59
<i>Credit General Ins.</i>	36	14	50	66
<i>Reliance Insurance</i>	10,765	4,397	15,162	19,967
<i>HIH America</i>	1,138	487	1,625	2,140
<i>Great States Ins.</i>	9,579	3,639	13,218	17,407
<i>Superior Pacific</i>	655	230	885	1,165
<i>Superior National</i>	5,223	1,973	7,196	9,477
<i>Legion Ins. Co.</i>	8,951	3,607	12,558	16,538
<i>Paula Ins. Co.</i>	8,270	2,947	11,217	14,772
<i>Villanova Ins. Co.</i>	755	476	1,231	1,621
<i>Western Growers Ins. Co.</i>	351	107	458	603
<i>Lumbermens Mutual Cas.</i>	6,143	2,056	8,199	10,798
<i>Home Insurance Co.</i>	4,092	1,264	5,356	7,054
<i>Casualty Reciprocal</i>	247	102	349	460
<i>Consolidated American</i>	15	13	28	37
<i>Realm National Ins. Co.</i>	57	20	77	101
<i>Park Avenue Ins. Co.</i>	1,420	1,819	3,239	4,266
<i>Atlantic Mutual Ins. Co.</i>	2,774	1,594	4,368	5,752
<i>Frontier Ins. Co.</i>	95	44	139	183
<i>Reinsurance Co. of America</i>	156	111	267	352
<i>Fremont</i>	57,351	20,041	77,392	101,920
<i>Non-Reviewed</i>	25	0	25	33
<i>Reopen Reserves (Insolvents with No Open Claims)</i>	-	311	311	409
<i>SubTotal</i>	<i>\$129,196</i>	<i>\$47,188</i>	<i>\$176,384</i>	<i>\$232,286</i>
<i>SCF Handling Fee</i>	11,628	4,247	15,875	20,906
<i>Unreimb. Payments owed SCF</i>	2,652	0	2,652	2,652
Total Reserves, Handling Fee, Unreimbursed Payments	\$143,476	\$51,435	\$194,911	\$255,844

**Actuarial
Approach****Data Available for Analysis**

The SCF loss data is available by insolvent carrier and by accident year. However the losses by accident year are not the typical cumulative losses required for the more common actuarial techniques. Some claims were paid by the carrier prior to the insolvency, and some while the carrier was in run-off status under the control the appropriate insurance department. Consequently the data available for analysis consists of payments made and case reserves established by the SCF on any claims remaining open after carrier assets have been exhausted.

**Actuarial
Approach
(Continued)**

Unpaid Claim Liabilities (Loss Reserves) at June 30, 2013

Total reserves for each Insolvent company were estimated by two methods, and the recommended reserve for each carrier was selected based on a weighted average of the two reserve indications. The weights given to the two approaches were equal. Reserves for medical and indemnity claims were estimated separately.

Case Reserve Development Approach (CRDA)

Under this approach, development factors were applied to case reserves to estimate ultimate losses. Expected paid losses to date were subtracted from the ultimate to estimate total loss reserves. The loss development factors applied are shown in Appendix B to this report. These factors are based on SCF General Business historical loss development. The set of factors is held constant over valuations to contribute stability to the loss reserve estimates.

Ratio of Total Reserves to Case Reserves (TRCR)

Under this approach, the SCF's most recent General Business ratios of total reserves to case reserves by accident year were applied to each insolvent carrier's case reserves by accident year to estimate total reserves. The ratios applied are shown in Appendix B to this report. The ratios are based on SCF reserves as of December 31, 2012. The ratios are updated annually and therefore contribute responsiveness to the insolvent carrier loss reserve estimates. The estimates produced TRCR approach, however, tend to be somewhat unstable from year to year, and therefore benefit from a weighting with the more stable CRDA estimates.

Discounting

For both methods, the total indemnity reserves were discounted at 1.69%, but the medical reserves were not discounted.

Non-Reviewed Insolvents

For Insolvents with low levels of reported reserves, we included only the aggregate case reserves in our totals. Case reserves for non-reviewed insolvents are only .02% of total reported reserves.

Reopen Reserves – Insolvents with No Open Claims

For Insolvent Carriers with no open claims we included an allowance for potential reopening of closed claims. This reserve was estimated by applying a factor to incurred losses by accident year. The factors are judgmental and are shown in Appendix A. Reopen reserves are only .6% of total supplemental reserves.

**Actuarial
Approach
(Continued)**

Unreimbursed Payments Owed the State Compensation Fund

In estimating total reserves, we subtracted paid losses from estimated ultimate losses. The paid losses that were subtracted are the payments made to date by the SCF. There is a lag, however, between the time the SCF makes a payment and the time the Special Fund reimburses the SCF. For recently insolvent carriers, this lag can be significant. Therefore, we increased our estimated reserve by the aggregate amount of unreimbursed payments owed to the SCF by the Special Fund. This is a known amount, not an estimate.

Confidence Levels - Recommended Minimum Equity or Risk Margin

To determine a risk margin that would provide an appropriate cushion to cover unforeseen costs or adverse deviation from expected claim costs, we considered the following approaches:

- Many jurisdictions do not allow discounting of loss reserves, and the future investment earnings represent an implicit risk margin for workers' compensation insurers. Therefore, we considered the amount by which the Special Fund's loss reserves are discounted to be one indication of a reasonable risk margin for those reserves.
- For insurance companies, policyholder's surplus represents a buffer similar to the Special Fund's equity. Therefore, we considered the ratio of surplus to loss and LAE reserves for large workers' compensation insurers. The average ratio was halved since the Special Fund is not exposed to the premium inadequacy risk that insurers face.
- Finally, we noted that most of our public entity clients who self-insure their workers' compensation exposure carry a risk margin sufficient to raise the confidence level of their reserve liability to 80%. The size of these margins is determined by simulating many years of claims given the entities' average annual claim count and claim severity. Although the exact size of the margin varies by entity, in general, the ratio of the margin to the reserve is roughly 40% for a 90% confidence level.

Based on these three approaches, we selected a risk margin of **32% of loss reserves** for the 80% confidence level estimate.

Attached Exhibits

We prepared the attached exhibits to estimate the total reserves at June 30, 2013 using the approaches just described:

The Summary Exhibit shows the total reported and supplemental reserves for insolvent insurance carriers at the expected and 80% confidence levels.

Exhibit I - Summary shows the estimated total reserves of the insolvent carriers including the estimates of both the CRDA and TRCR methods. All estimates in Exhibit I are at the expected confidence level.

Exhibits I-A thru I-AX show the calculation of reserves for each insolvent carrier. There are three pages for these exhibits.

- Page 1 shows the summary of total reserves for medical and compensation at the expected confidence level for the CRDA (Method I) and the TRCR (Method II).
- Page 2 shows the calculation of medical loss reserves for both methods.
- Page 3 shows the calculation of compensation loss reserves for both methods.

Also attached are Appendices A through C.

- Appendix A shows the calculation of reopening reserves (for medical and compensation) for insolvents with no open claims.
 - Appendix B shows the various factors applied in estimating reserves for insolvent carriers.
 - Appendix C shows the projected paid cash flows during fiscal year 2013/2014.
-

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
SUMMARY OF TOTAL RESERVES
AS OF JUNE 30, 2013
INSOLVENT CARRIERS
(\$AMOUNTS IN '000s)

INSOLVENT CARRIERS	EXHIBIT NUMBER	REPORTED RESERVES	DISCOUNTED SUPPLEMENTAL RESERVES	TOTAL DISCOUNTED RESERVES	
				EXPECTED (50%) CONF. LVL	80% CONF. LVL
		(1)	(2)	(3)	(4)
MISSION INSURANCE COMPANY	I - A	\$1,455	\$212	\$1,667	\$2,195
MISSION NATIONAL INSURANCE COMPANY	I - B	6,175	1,136	7,311	9,628
ENTERPRISE INSURANCE COMPANY	I - C	34	4	38	50
EMPLOYERS CASUALTY INSURANCE COMPANY	I - D	494	85	579	763
WESTERN EMPLOYERS INSURANCE COMPANY	I - E	2,789	470	3,259	4,292
CARRIERS INSURANCE COMPANY	I - F	112	23	135	178
ROCKWOOD INSURANCE COMPANY	I - K	41	4	45	59
CREDIT GENERAL INSURANCE	I - M	36	14	50	66
RELIANCE INSURANCE	I - O	10,765	4,397	15,162	19,967
HHH AMERICA	I - P	1,138	487	1,625	2,140
GREAT STATES INSURANCE	I - Q	9,579	3,639	13,218	17,407
SUPERIOR PACIFIC	I - R	655	230	885	1,165
SUPERIOR NATIONAL	I - S	5,223	1,973	7,196	9,477
LEGION INSURANCE COMPANY	I - T	8,951	3,607	12,558	16,538
PAULA INSURANCE COMPANY	I - U	8,270	2,947	11,217	14,772
VILLANOVA INSURANCE COMPANY	I - X	755	476	1,231	1,621
WESTERN GROWERS	I - Y	351	107	458	603
LUMBERMENS MUTUAL CASUALTY	I - AE	6,143	2,056	8,199	10,798
HOME INSURANCE COMPANY	I - AG	4,092	1,264	5,356	7,054
CASUALTY RECIPROCAL	I-AH	247	102	349	460
CONSOLIDATED AMERICAN	I-AI	15	13	28	37
REALM NATIONAL INSURANCE COMPANY	I-AK	57	20	77	101
PARK AVENUE INSURANCE COMPANY	I-AM	1,420	1,819	3,239	4,266
ATLANTIC MUTUAL INSURANCE COMPANY	I-AP	2,774	1,594	4,368	5,752
FRONTIER INSURANCE COMPANY	I-AV	95	44	139	183
REINSURANCE CO. OF AMERICA	I-AW	156	111	267	352
FREMONT	I-AX	57,351	20,041	77,392	101,920
NONREVIEWED INSOLVENT CARRIERS	NONE	25	0	25	33
REOPEN RESERVES - INSOLVENTS WITH NO OPEN CLAIMS	APPENDIX A		311	311	409
SUBTOTAL INSOLVENT		\$129,196	\$47,188	\$176,384	\$232,286
Unreimbursed Payments Owed State Comp Fund *	PER ICA	2,652	0	2,652	2,652
SCF 9.0% Fee on Unpaid Claims		11,628	4,247	15,875	20,906
TOTAL		\$143,476	\$51,435	\$194,911	\$255,844

Notes:

(1) - Reported reserves are per SCF.

(2) = (3) - (1).

* Unreimbursed payments owed SCF shown here exclude the servicing fee.

(3) = Per Exhibit I-Summary, Page 1, Col. (5).

(4) = (3) x confidence level factor.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
SUMMARY OF TOTAL RESERVES
AS OF JUNE 30, 2013
INSOLVENT CARRIERS
(\$AMOUNTS IN '000s)

INSOLVENT CARRIER	EXHIBIT NUMBER	REPORTED RESERVES @ 6/30/2013	REPORTED RESERVES @ 6/30/2012	INDICATED SUPPL. RESERVES METHOD I	INDICATED SUPPL. RESERVES METHOD II	TOTAL SELECTED RESERVES @ 6/30/2013
		(1)	(2)	(3)	(4)	(5)
MISSION INSURANCE COMPANY	I - A	1,455	1,649	311	113	1,667
MISSION NATIONAL INSURANCE COMPANY	I - B	6,175	6,026	1,578	693	7,311
ENTERPRISE INSURANCE COMPANY	I - C	34	34	7	1	38
EMPLOYERS CASUALTY INSURANCE COMPANY	I - D	494	582	103	67	579
WESTERN EMPLOYERS INSURANCE COMPANY	I - E	2,789	2,838	576	363	3,259
CARRIERS INSURANCE COMPANY	I - F	112	142	43	2	135
ROCKWOOD INSURANCE COMPANY	I - K	41	42	7	0	45
CREDIT GENERAL INSURANCE	I - M	36	25	12	16	50
RELANCE INSURANCE	I - O	10,765	10,940	3,723	5,071	15,162
HHH AMERICA	I - P	1,138	1,165	391	583	1,625
GREAT STATES INSURANCE	I - Q	9,579	10,384	3,144	4,133	13,218
SUPERIOR PACIFIC	I - R	655	529	217	243	885
SUPERIOR NATIONAL	I - S	5,223	5,201	1,763	2,182	7,196
LEGION INSURANCE COMPANY	I - T	8,951	9,461	3,014	4,199	12,558
PAULA INSURANCE COMPANY	I - U	8,270	8,858	2,564	3,330	11,217
VILLANOVA INSURANCE COMPANY	I - X	755	801	370	582	1,231
WESTERN GROWERS	I - Y	351	363	67	146	458
LUMBERMENS MUTUAL CASUALTY	I - AE	6,143	6,143	1,973	2,138	8,199
HOME INSURANCE COMPANY	I - AG	4,092	3,988	1,020	1,508	5,356
CASUALTY RECIPROCAL	I - AH	247	307	56	147	349
CONSOLIDATED AMERICAN	I - AI	15	74	9	17	28
REALM NATIONAL INSURANCE COMPANY	I - AK	57	238	10	29	77
PARK AVENUE INSURANCE COMPANY	I - AM	1,420	1,803	592	3,046	3,239
ATLANTIC MUTUAL INSURANCE COMPANY	I - AP	2,774	2,649	1,089	2,098	4,368
FRONTIER INSURANCE COMPANY	I - AV	95	95	35	53	139
REINSURANCE CO. OF AMERICA	I - AW	156	156	49	173	267
FREMONT	I - AX	57,351	59,180	18,107	21,975	77,392
NONREVIEWED INSOLVENT CARRIERS	NONE	25	1	0	0	25
REOPEN RESERVES - INSOLVENTS WITH NO OPEN CLAIMS	APPENDIX A					311
TOTAL INSOLVENT		\$129,196	\$127,281	\$40,832	\$52,910	\$176,384

Notes:

(1) & (2) = Per Industrial Commission of Arizona.

(3) - Per Exhibits I-A thru I-AX, but not less than zero.

(4) - Per Exhibits I-A thru I-AX, but not less than zero.

(5) - Selected based on Columns (1), (3) & (4).

Gaps in Exhibit Numbers due to the removal of Insolvent carriers with no remaining case or supplemental reserves.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
MISSION INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
1970	\$0	\$0	\$0	\$0	\$0
1971	0	0	0	0	0
1972	0	0	0	0	0
1973	0	49	0	0	49
1974	0	0	0	0	0
1975	24	0	0	0	25
1976	22	35	17	0	73
1977	9	34	16	0	60
1978	21	80	36	0	138
1979	101	0	0	0	101
1980	109	146	58	0	314
1981	51	164	63	0	278
1982	337	59	22	0	418
1983	8	0	0	0	8
1984	8	0	0	0	8
1985	132	138	24	0	294
1986	0	0	0	0	0
TOTAL	\$823	\$706	\$236	\$2	\$1,766

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
1970	\$0	\$0	\$0	\$0
1971	0	0	0	0
1972	0	0	0	0
1973	0	49	0	49
1974	0	0	0	0
1975	24	0	0	24
1976	22	35	0	57
1977	10	34	0	44
1978	24	80	0	105
1979	118	0	0	118
1980	127	146	0	273
1981	57	164	0	221
1982	347	59	0	406
1983	8	0	0	8
1984	7	0	0	7
1985	118	138	0	256
1986	0	0	0	0
TOTAL	\$862	\$706	\$0	\$1,568

Notes:

- (1) - From Exhibit I-A, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-A, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-A, Page 2, Column (10).
(7) - From Exhibit I-A, Page 3, Column (16).
(8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
MISSION INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1970	\$0	1.000	1.000	1.000	\$67	\$0
1971	0	1.000	1.000	1.000	42	0
1972	0	1.000	1.000	1.000	21	0
1973	0	1.000	1.000	1.000	28	0
1974	0	1.000	1.000	1.000	183	0
1975	24	1.000	1.000	1.000	158	24
1976	22	1.000	1.003	401.000	266	22
1977	9	1.000	1.008	134.333	228	9
1978	21	1.000	1.013	81.000	650	21
1979	101	1.000	1.018	58.143	686	101
1980	109	1.000	1.023	43.553	905	109
1981	49	1.001	1.028	37.437	869	51
1982	298	1.004	1.032	36.968	572	337
1983	7	1.008	1.039	33.231	52	8
1984	6	1.011	1.048	28.636	193	8
1985	101	1.013	1.056	24.853	2,033	132
1986	0	1.014	1.067	20.414	273	0
TOTAL	\$748				\$7,160	\$823

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1970	\$0	1.000	0.000	\$0
1971	0	1.000	0.000	0
1972	0	1.000	0.000	0
1973	0	1.000	0.000	0
1974	0	1.000	0.000	0
1975	24	1.000	0.000	24
1976	22	1.000	0.000	22
1977	9	1.082	0.000	10
1978	21	1.164	0.000	24
1979	101	1.164	0.000	118
1980	109	1.164	0.000	127
1981	49	1.164	0.000	57
1982	298	1.164	0.000	347
1983	7	1.164	0.000	8
1984	6	1.164	0.000	7
1985	101	1.164	0.000	118
1986	0	1.164	0.000	0
TOTAL	\$748			\$862

Notes:

- (1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.
 (2) & (3) - Per SCF's historical loss patterns.
 (4) = (2) x (3) / [(3) - (2)].
 (5) = (6) + Losses paid to date.
 (6) = {(1) x (4)} x [1 - {1 / (3)}].
 (8) & (9) - Selected ratios based on SCF loss reserves.
 (10) = (7) x (8) + (7) x (9)
 * All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
MISSION INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD 1

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1970	\$0	1.000	1.000	1.000	\$9	\$0	\$0	1.000	\$0
1971	0	1.000	1.000	1.000	120	0	0	1.000	0
1972	0	1.000	1.000	1.000	90	0	0	0.996	0
1973	49	1.000	1.000	1.000	269	49	0	0.989	0
1974	0	1.000	1.010	101.000	181	0	0	0.982	0
1975	0	1.000	1.020	51.000	48	0	0	0.974	0
1976	35	1.010	1.031	49.586	355	52	17	0.963	17
1977	34	1.011	1.034	45.451	214	51	17	0.951	16
1978	80	1.012	1.038	40.402	747	119	38	0.941	36
1979	0	1.013	1.043	35.219	126	0	0	0.932	0
1980	146	1.014	1.048	31.255	1,175	209	63	0.923	58
1981	164	1.015	1.053	28.126	862	232	68	0.926	63
1982	59	1.016	1.058	25.594	337	83	24	0.934	22
1983	0	1.015	1.110	11.859	81	0	0	0.931	0
1984	0	1.017	1.121	10.962	349	0	0	0.921	0
1985	138	1.019	1.133	10.127	2,711	164	26	0.913	24
1986	0	1.021	1.147	9.294	361	0	0	0.906	0
TOTAL	\$706				\$8,027	\$959	\$254		\$236

CASE RESERVE DEVELOPMENT APPROACH - METHOD 2

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1970	\$0	1.000	0.000	\$0	\$0	1.000	\$0
1971	0	1.000	0.000	0	0	1.000	0
1972	0	1.000	0.000	0	0	0.996	0
1973	49	1.000	0.000	49	0	0.989	0
1974	0	1.000	0.000	0	0	0.982	0
1975	0	1.000	0.000	0	0	0.974	0
1976	35	1.000	0.000	35	0	0.963	0
1977	34	1.000	0.000	34	0	0.951	0
1978	80	1.000	0.000	80	0	0.941	0
1979	0	1.000	0.000	0	0	0.932	0
1980	146	1.000	0.000	146	0	0.923	0
1981	164	1.000	0.000	164	0	0.926	0
1982	59	1.000	0.000	59	0	0.934	0
1983	0	1.000	0.000	0	0	0.931	0
1984	0	1.000	0.000	0	0	0.921	0
1985	138	1.000	0.000	138	0	0.913	0
1986	0	1.102	0.000	0	0	0.906	0
TOTAL	\$706			\$706	\$0		\$0

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - (1 / (3))].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
MISSION NATIONAL INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
1982	\$102	\$170	\$64	\$0	\$336
1983	1,681	756	123	1	2,560
1984	3,710	819	138	5	4,672
1985	0	158	27	0	185
TOTAL	\$5,493	\$1,903	\$353	\$6	\$7,753

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(5)	(6)	(7)	(8)
1982	\$105	\$170	\$0	\$275
1983	1,569	756	0	2,324
1984	3,292	819	0	4,111
1985	0	158	0	158
TOTAL	\$4,966	\$1,903	\$0	\$6,868

Notes:

- (1) - From Exhibit I-B, Page 2, Column (6).
- (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
- (3) - From Exhibit I-B, Page 3, Column (9).
- (4) = (1) + (2) + (3) + (3A).
- (5) - From Exhibit I-B, Page 2, Column (10).
- (7) - From Exhibit I-B, Page 3, Column (16).
- (8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
MISSION NATIONAL INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1982	\$90	1.004	1.032	36.968	\$713	\$102
1983	1,348	1.008	1.039	33.231	4,216	1,681
1984	2,828	1.011	1.048	28.636	8,532	3,710
1985	0	1.013	1.056	24.853	136	0
TOTAL	\$4,266				\$13,598	\$5,493

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1982	\$90	1.164	0.000	\$105
1983	1,348	1.164	0.000	1,569
1984	2,828	1.164	0.000	3,292
1985	0	1.164	0.000	0
TOTAL	\$4,266			\$4,966

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
MISSION NATIONAL INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1982	\$170	1.016	1.058	25.594	\$1,049	\$239	\$69	0.934	\$64
1983	756	1.015	1.110	11.859	4,894	888	132	0.931	123
1984	819	1.017	1.121	10.962	4,549	969	150	0.921	138
1985	158	1.019	1.133	10.127	683	188	30	0.913	27
TOTAL	\$1,903				\$11,175	\$2,284	\$381		\$353

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1982	\$170	1.000	0.000	\$170	\$0	0.934	\$0
1983	756	1.000	0.000	756	0	0.931	0
1984	819	1.000	0.000	819	0	0.921	0
1985	158	1.000	0.000	158	0	0.913	0
TOTAL	\$1,903			\$1,903	\$0		\$0

Notes:

- (1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(2) & (3) - Per SCF's historical loss patterns.
(4) = (2) x (3) / [(3) - (2)].
(5) = (6) + Losses paid to date.
(6) = [(1) x (4)] x [1 - (1 / (3))].
(7) = (6) - (1).
(8) & (15) - Based on 1.69% discount.
(9) = (7) x (8).
(11) & (12) - Selected ratios based on SCF loss reserves.
(13) = (10) x (11) + (10) x (12).
(14) = (13) - (10).
(16) = (14) x (15).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
 AS OF JUNE 30, 2013
 CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
 ENTERPRISE INSURANCE COMPANY
 MEDICAL & COMPENSATION
 (\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
1984	\$6	\$0	\$0	\$0	\$6
1985	5	25	4	0	35
1986	0	0	0	0	0
TOTAL	\$11	\$25	\$4	\$0	\$41

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(5)	(6)	(7)	(8)
1984	\$5	\$0	\$0	\$5
1985	5	25	0	30
1986	0	0	0	0
TOTAL	\$10	\$25	\$0	\$35

Notes:

- (1) - From Exhibit I-C, Page 2, Column (6).
 (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
 (3) - From Exhibit I-C, Page 3, Column (9).
 (4) = (1) + (2) + (3) + (3A).
 (5) - From Exhibit I-C, Page 2, Column (10).
 (7) - From Exhibit I-C, Page 3, Column (16).
 (8) = (5) + (6) + (7).
 * All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
ENTERPRISE INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1984	\$4	1.011	1.048	28.636	\$28	\$6
1985	4	1.013	1.056	24.853	190	5
1986	0	1.014	1.067	20.414	35	0
TOTAL	\$8				\$252	\$11

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1984	\$4	1.164	0.000	\$5
1985	4	1.164	0.000	5
1986	0	1.164	0.000	0
TOTAL	\$8			\$10

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
ENTERPRISE INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1984	\$0	1.017	1.121	10.962	\$27	\$0	\$0	0.921	\$0
1985	25	1.019	1.133	10.127	634	30	5	0.913	4
1986	0	1.021	1.147	9.294	55	0	0	0.906	0
TOTAL	\$25				\$716	\$30	\$5		\$4

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1984	\$0	1.000	0.000	\$0	\$0	0.921	\$0
1985	25	1.000	0.000	25	0	0.913	0
1986	0	1.102	0.000	0	0	0.906	0
TOTAL	\$25			\$25	\$0		\$0

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
EMPLOYERS CASUALTY INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVES	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
1979	\$4	\$0	\$0	\$0	\$4
1980	0	0	0	0	0
1981	0	0	0	0	0
1982	0	0	0	0	0
1983	0	0	0	0	0
1984	0	0	0	0	0
1985	5	85	15	0	106
1986	153	64	11	2	230
1987	0	0	0	0	0
1988	66	38	7	0	111
1989	4	58	10	0	72
1990	0	63	11	0	74
1991	0	0	0	0	0
TOTAL	\$232	\$309	\$53	\$3	\$597

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVES	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
1979	\$5	\$0	\$0	\$5
1980	0	0	0	0
1981	0	0	0	0
1982	0	0	0	0
1983	0	0	0	0
1984	0	0	0	0
1985	5	85	0	90
1986	139	64	6	209
1987	0	0	0	0
1988	60	38	7	105
1989	4	58	12	75
1990	0	63	14	77
1991	0	0	0	0
TOTAL	\$213	\$309	\$38	\$561

Notes:

- (1) - From Exhibit I-D, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-D, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-D, Page 2, Column (10).
(7) - From Exhibit I-D, Page 3, Column (16).
(8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
EMPLOYERS CASUALTY INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1979	\$4	1.000	1.018	58.143	\$59	\$4
1980	0	1.000	1.023	43.553	0	0
1981	0	1.001	1.028	37.437	0	0
1982	0	1.004	1.032	36.968	0	0
1983	0	1.008	1.039	33.231	11	0
1984	0	1.011	1.048	28.636	0	0
1985	4	1.013	1.056	24.853	75	5
1986	119	1.014	1.067	20.414	345	153
1987	0	1.016	1.080	17.145	2	0
1988	52	1.018	1.092	15.022	166	66
1989	3	1.021	1.104	13.493	108	4
1990	0	1.024	1.118	12.168	0	0
1991	0	1.027	1.135	10.793	2	0
TOTAL	\$182				\$768	\$232

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1979	\$4	1.164	0.000	\$5
1980	0	1.164	0.000	0
1981	0	1.164	0.000	0
1982	0	1.164	0.000	0
1983	0	1.164	0.000	0
1984	0	1.164	0.000	0
1985	4	1.164	0.000	5
1986	119	1.164	0.000	139
1987	0	1.164	0.000	0
1988	52	1.164	0.000	60
1989	3	1.344	0.000	4
1990	0	1.405	0.000	0
1991	0	1.597	0.000	0
TOTAL	\$182			\$213

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
EMPLOYERS CASUALTY INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1979	\$0	1.013	1.043	35.219	\$64	\$0	\$0	0.932	\$0
1980	0	1.014	1.048	31.255	0	0	0	0.923	0
1981	0	1.015	1.053	28.126	0	0	0	0.926	0
1982	0	1.016	1.058	25.594	0	0	0	0.934	0
1983	0	1.015	1.110	11.859	0	0	0	0.931	0
1984	0	1.017	1.121	10.962	0	0	0	0.921	0
1985	85	1.019	1.133	10.127	249	102	16	0.913	15
1986	64	1.021	1.147	9.294	215	76	12	0.906	11
1987	0	1.023	1.162	8.552	0	0	0	0.898	0
1988	38	1.025	1.178	7.892	143	46	7	0.891	7
1989	58	1.027	1.195	7.305	223	69	11	0.885	10
1990	63	1.029	1.213	6.784	222	75	12	0.879	11
1991	0	1.032	1.233	6.331	0	0	0	0.873	0
TOTAL	\$309				\$1,116	\$368	\$59		\$53

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1979	\$0	1.000	0.000	\$0	\$0	0.932	\$0
1980	0	1.000	0.000	0	0	0.923	0
1981	0	1.000	0.000	0	0	0.926	0
1982	0	1.000	0.000	0	0	0.934	0
1983	0	1.000	0.000	0	0	0.931	0
1984	0	1.000	0.000	0	0	0.921	0
1985	85	1.000	0.000	85	0	0.913	0
1986	64	1.102	0.000	70	7	0.906	6
1987	0	1.169	0.000	0	0	0.898	0
1988	38	1.192	0.000	46	7	0.891	7
1989	58	1.238	0.000	72	14	0.885	12
1990	63	1.245	0.000	79	15	0.879	14
1991	0	1.266	0.000	0	0	0.873	0
TOTAL	\$309			\$352	\$43		\$38

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
WESTERN EMPLOYERS INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVES	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
1975	\$0	\$0	\$0	\$0	\$0
1976	0	0	0	0	0
1977	0	0	0	0	0
1978	33	0	0	0	33
1979	0	0	0	0	0
1980	1	10	4	3	19
1981	374	137	53	0	565
1982	352	46	17	0	415
1983	1,720	73	12	0	1,806
1984	206	171	29	0	405
1985	0	104	18	0	122
1986	0	0	0	0	0
TOTAL	\$2,687	\$541	\$133	\$4	\$3,365

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVES	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(5)	(6)	(7)	(8)
1975	\$0	\$0	\$0	\$0
1976	0	0	0	0
1977	0	0	0	0
1978	39	0	0	39
1979	0	0	0	0
1980	2	10	0	12
1981	420	137	0	557
1982	363	46	0	409
1983	1,605	73	0	1,678
1984	182	171	0	353
1985	0	104	0	104
1986	0	0	0	0
TOTAL	\$2,611	\$541	\$0	\$3,152

Notes:

- (1) - From Exhibit I-E, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-E, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-E, Page 2, Column (10).
(7) - From Exhibit I-E, Page 3, Column (16).
(8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
WESTERN EMPLOYERS INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1975	\$0	1.000	1.000		\$6	\$0
1976	0	1.000	1.003	401.000	0	0
1977	0	1.000	1.008	134.333	0	0
1978	33	1.000	1.013	81.000	55	33
1979	0	1.000	1.018	58.143	0	0
1980	1	1.000	1.023	43.553	75	1
1981	361	1.001	1.028	37.437	771	374
1982	312	1.004	1.032	36.968	641	352
1983	1,379	1.008	1.039	33.231	3,983	1,720
1984	157	1.011	1.048	28.636	604	206
1985	0	1.013	1.056	24.853	156	0
1986	0	1.014	1.067	20.414	4	0
TOTAL	\$2,244				\$6,295	\$2,687

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1975	\$0	1.000	0.000	\$0
1976	0	1.000	0.000	0
1977	0	1.082	0.000	0
1978	33	1.164	0.000	39
1979	0	1.164	0.000	0
1980	1	1.164	0.000	2
1981	361	1.164	0.000	420
1982	312	1.164	0.000	363
1983	1,379	1.164	0.000	1,605
1984	157	1.164	0.000	182
1985	0	1.164	0.000	0
1986	0	1.164	0.000	0
TOTAL	\$2,244			\$2,611

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
WESTERN EMPLOYERS INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(SAMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1975	\$0	1.000	1.020	51.000	\$0	\$0	\$0	0.974	\$0
1976	0	1.010	1.031	49.586	0	0	0	0.963	0
1977	0	1.011	1.034	45.451	0	0	0	0.951	0
1978	0	1.012	1.038	40.402	0	0	0	0.941	0
1979	0	1.013	1.043	35.219	0	0	0	0.932	0
1980	10	1.014	1.048	31.255	39	14	4	0.923	4
1981	137	1.015	1.053	28.126	540	194	57	0.926	53
1982	46	1.016	1.058	25.594	286	64	18	0.934	17
1983	73	1.015	1.110	11.859	565	86	13	0.931	12
1984	171	1.017	1.121	10.962	736	202	31	0.921	29
1985	104	1.019	1.133	10.127	653	124	20	0.913	18
1986	0	1.021	1.147	9.294	0	0	0	0.906	0
TOTAL	\$541				\$2,820	\$685	\$144		\$133

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1975	\$0	1.000	0.000	\$0	\$0	0.974	\$0
1976	0	1.000	0.000	0	0	0.963	0
1977	0	1.000	0.000	0	0	0.951	0
1978	0	1.000	0.000	0	0	0.941	0
1979	0	1.000	0.000	0	0	0.932	0
1980	10	1.000	0.000	10	0	0.923	0
1981	137	1.000	0.000	137	0	0.926	0
1982	46	1.000	0.000	46	0	0.934	0
1983	73	1.000	0.000	73	0	0.931	0
1984	171	1.000	0.000	171	0	0.921	0
1985	104	1.000	0.000	104	0	0.913	0
1986	0	1.102	0.000	0	0	0.906	0
TOTAL	\$541			\$541	\$0		\$0

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
CARRIER INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
1976	\$0	\$0	\$0	\$0	\$0
1977	0	0	0	0	0
1978	14	75	34	0	124
1979	1	21	9	0	31
1980	0	0	0	0	0
1981	0	0	0	0	0
1982	0	0	0	0	0
1983	0	0	0	0	0
1984	0	0	0	0	0
1985	0	0	0	0	0
TOTAL	\$15	\$97	\$43	\$0	\$155

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
1976	\$0	\$0	\$0	\$0
1977	0	0	0	0
1978	17	75	0	92
1979	1	21	0	22
1980	0	0	0	0
1981	0	0	0	0
1982	0	0	0	0
1983	0	0	0	0
1984	0	0	0	0
1985	0	0	0	0
TOTAL	\$18	\$97	\$0	\$114

Notes:

- (1) - Per Exhibit I-F, Page 2, Col. (6).
- (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
- (3) - Per Exhibit I-F, Page 3, Col. (9).
- (4) = (1) + (2) + (3) + (3A).
- (5) - Per Exhibit I-F, Page 2, Col. (10).
- (7) - Per Exhibit I-F, Page 3, Col. (16).
- (8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
CARRIER INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1976	\$0	1.000	1.003	401.000	\$0	\$0
1977	0	1.000	1.008	134.333	0	0
1978	14	1.000	1.013	81.000	84	14
1979	1	1.000	1.018	58.143	13	1
1980	0	1.000	1.023	43.553	0	0
1981	0	1.001	1.028	37.437	8	0
1982	0	1.004	1.032	36.968	2	0
1983	0	1.008	1.039	33.231	9	0
1984	0	1.011	1.048	28.636	35	0
1985	0	1.013	1.056	24.853	15	0
TOTAL	\$15			\$879	\$164	\$15

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013
	(7)	(8)	(9)	(10)
1976	\$0	1.000	0.000	\$0
1977	0	1.082	0.000	0
1978	14	1.164	0.000	17
1979	1	1.164	0.000	1
1980	0	1.164	0.000	0
1981	0	1.164	0.000	0
1982	0	1.164	0.000	0
1983	0	1.164	0.000	0
1984	0	1.164	0.000	0
1985	0	1.164	0.000	0
TOTAL	\$15			\$18

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
CARRIER INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1976	\$0	1.010	1.031	49.586	\$26	\$0	\$0	0.963	\$0
1977	0	1.011	1.034	45.451	0	0	0	0.951	0
1978	75	1.012	1.038	40.402	386	111	36	0.941	34
1979	21	1.013	1.043	35.219	216	31	10	0.932	9
1980	0	1.014	1.048	31.255	0	0	0	0.923	0
1981	0	1.015	1.053	28.126	60	0	0	0.926	0
1982	0	1.016	1.058	25.594	23	0	0	0.934	0
1983	0	1.015	1.110	11.859	74	0	0	0.931	0
1984	0	1.017	1.121	10.962	1	0	0	0.921	0
1985	0	1.019	1.133	10.127	80	0	0	0.913	0
TOTAL	\$97			\$289	\$867	\$142	\$46		\$43

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1976	\$0	1.000	0.000	\$0	\$0	0.963	\$0
1977	0	1.000	0.000	0	0	0.951	0
1978	75	1.000	0.000	75	0	0.941	0
1979	21	1.000	0.000	21	0	0.932	0
1980	0	1.000	0.000	0	0	0.923	0
1981	0	1.000	0.000	0	0	0.926	0
1982	0	1.000	0.000	0	0	0.934	0
1983	0	1.000	0.000	0	0	0.931	0
1984	0	1.000	0.000	0	0	0.921	0
1985	0	1.000	0.000	0	0	0.913	0
TOTAL	\$97			\$97	\$0		\$0

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
ROCKWOOD INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
1985	\$0	\$41	\$7	\$0	\$48
1986	0	0	0	0	0
1987	0	0	0	0	0
TOTAL	\$0	\$41	\$7	\$0	\$48

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
1985	\$0	\$41	\$0	\$41
1986	0	0	0	0
1987	0	0	0	0
TOTAL	\$0	\$41	\$0	\$41

Notes:

- (1) - From Exhibit I-K, Page 2, Column (6).
 (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
 (3) - From Exhibit I-K, Page 3, Column (9).
 (4) = (1) + (2) + (3) + (3A).
 (5) - From Exhibit I-K, Page 2, Column (10).
 (7) - From Exhibit I-K, Page 3, Column (16).
 (8) = (5) + (6) + (7).
 * All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
ROCKWOOD INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1985	\$0	1.013	1.056	24.853	\$64	\$0
1986	0	1.014	1.067	20.414	0	0
1987	0	1.016	1.080	17.145	5	0
TOTAL	\$0				\$68	\$0

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1985	\$0	1.164	0.000	\$0
1986	0	1.164	0.000	0
1987	0	1.164	0.000	0
TOTAL	\$0			\$0

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
ROCKWOOD INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPM FACTORS	PAID LOSS DEVLPM FACTORS	CASE RSV DEVLPM FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1985	\$41	1.019	1.133	10.127	\$250	\$48	\$8	0.913	\$7
1986	0	1.021	1.147	9.294	0	0	0	0.906	0
1987	0	1.023	1.162	8.552	23	0	0	0.898	0
TOTAL	\$41				\$272	\$48	\$8		\$7

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1985	\$41	1.000	0.000	\$41	\$0	0.913	\$0
1986	0	1.102	0.000	0	0	0.906	0
1987	0	1.169	0.000	0	0	0.898	0
TOTAL	\$41			\$41	\$0		\$0

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
CREDIT GENERAL INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
1994	\$48	\$0	\$0	\$0	\$48
1995	0	0	0	0	0
1996	0	0	0	0	0
1997	0	0	0	0	0
1998	0	0	0	0	0
1999	0	0	0	0	0
2000	0	0	0	0	0
2001	0	0	0	0	0
TOTAL	\$48	\$0	\$0	\$0	\$48

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(5)	(6)	(7)	(8)
1994	\$52	\$0	\$0	\$52
1995	0	0	0	0
1996	0	0	0	0
1997	0	0	0	0
1998	0	0	0	0
1999	0	0	0	0
2000	0	0	0	0
2001	0	0	0	0
TOTAL	\$52	\$0	\$0	\$52

Notes:

- (1) - From Exhibit I-M, Page 2, Column (6).
 (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
 (3) - From Exhibit I-M, Page 3, Column (9).
 (4) = (1) + (2) + (3) + (3A).
 (5) - From Exhibit I-M, Page 2, Column (10).
 (7) - From Exhibit I-M, Page 3, Column (16).
 (8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
CREDIT GENERAL INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1994	\$36	1.042	1.190	8.378	\$125	\$48
1995	0	1.048	1.209	7.891	0	0
1996	0	1.055	1.226	7.557	0	0
1997	0	1.062	1.247	7.152	0	0
1998	0	1.069	1.271	6.740	6	0
1999	0	1.078	1.293	6.496	7	0
2000	0	1.088	1.316	6.291	68	0
2001	0	1.099	1.341	6.075	0	0
TOTAL	\$36				\$205	\$48

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1994	\$36	1.436	0.012	\$52
1995	0	1.427	0.014	0
1996	0	1.364	0.015	0
1997	0	1.277	0.014	0
1998	0	1.380	0.013	0
1999	0	1.546	0.012	0
2000	0	1.694	0.012	0
2001	0	2.158	0.017	0
TOTAL	\$36			\$52

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
CREDIT GENERAL INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1994	\$0	1.040	1.305	5.122	\$53	\$0	\$0	0.857	\$0
1995	0	1.043	1.332	4.803	0	0	0	0.852	0
1996	0	1.046	1.362	4.510	0	0	0	0.847	0
1997	0	1.050	1.394	4.255	27	0	0	0.843	0
1998	0	1.053	1.431	3.986	27	0	0	0.838	0
1999	0	1.057	1.469	3.769	0	0	0	0.834	0
2000	0	1.062	1.513	3.563	120	0	0	0.830	0
2001	0	1.066	1.563	3.352	0	0	0	0.827	0
TOTAL	\$0				\$227	\$0	\$0		\$0

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1994	\$0	1.328	0.012	\$0	\$0	0.857	\$0
1995	0	1.377	0.014	0	0	0.852	0
1996	0	1.419	0.015	0	0	0.847	0
1997	0	1.357	0.014	0	0	0.843	0
1998	0	1.334	0.013	0	0	0.838	0
1999	0	1.409	0.012	0	0	0.834	0
2000	0	1.470	0.012	0	0	0.830	0
2001	0	1.604	0.017	0	0	0.827	0
TOTAL	\$0			\$0	\$0		\$0

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
RELIANCE INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
1981	\$0	\$0	\$0	\$0	\$0
1982	\$8	0	\$0	0	8
1983	0	0	0	0	0
1984	0	0	0	0	0
1985	0	0	0	0	0
1986	0	0	0	0	0
1987	44	154	27	3	227
1988	8	127	22	0	157
1989	92	141	24	0	257
1990	180	100	17	1	298
1991	231	24	4	0	259
1992	0	0	0	0	0
1993	56	84	14	0	155
1994	40	100	17	2	158
1995	59	101	17	0	177
1996	702	245	41	0	988
1997	1,177	280	48	5	1,511
1998	814	223	37	0	1,074
1999	894	1,607	272	12	2,786
2000	5,278	979	169	8	6,433
2001	0	0	0	0	0
TOTAL	\$9,584	\$4,165	\$709	\$32	\$14,488

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(5)	(6)	(7)	(8)
1981	\$0	\$0	\$0	\$0
1982	8	0	0	8
1983	0	0	0	0
1984	0	0	0	0
1985	0	0	0	0
1986	0	0	0	0
1987	40	154	23	217
1988	8	127	22	156
1989	97	141	30	268
1990	198	100	21	319
1991	288	24	5	317
1992	0	0	0	0
1993	64	84	23	172
1994	43	100	29	172
1995	62	101	34	197
1996	696	245	90	1,031
1997	1,074	280	88	1,442
1998	790	223	65	1,077
1999	947	1,607	565	3,120
2000	5,968	979	392	7,340
2001	0	0	0	0
TOTAL	\$10,285	\$4,165	\$1,387	\$15,836

Notes:

- (1) - From Exhibit I-O, Page 2, Column (6).
- (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
- (3) - From Exhibit I-O, Page 3, Column (9).
- (4) = (1) + (2) + (3) + (3A).
- (5) - From Exhibit I-O, Page 2, Column (10).
- (7) - From Exhibit I-O, Page 3, Column (16).
- (8) = (5) + (6) + (7).
- * All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
RELiance INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1981	\$0	1.001	1.028	37.437	\$0	\$0
1982	\$7	1.004	1.032	36.968	17	\$8
1983	0	1.008	1.039	33.231	0	0
1984	0	1.011	1.048	28.636	0	0
1985	0	1.013	1.056	24.853	11	0
1986	0	1.014	1.067	20.414	2	0
1987	35	1.016	1.080	17.145	157	44
1988	7	1.018	1.092	15.022	52	8
1989	72	1.021	1.104	13.493	168	92
1990	141	1.024	1.118	12.168	343	180
1991	180	1.027	1.135	10.793	290	231
1992	0	1.032	1.154	9.717	1	0
1993	43	1.037	1.172	8.995	100	56
1994	30	1.042	1.190	8.378	136	40
1995	43	1.048	1.209	7.891	103	59
1996	505	1.055	1.226	7.557	937	702
1997	832	1.062	1.247	7.152	1,620	1,177
1998	567	1.069	1.271	6.740	1,222	814
1999	608	1.078	1.293	6.496	1,603	894
2000	3,498	1.088	1.316	6.291	7,450	5,278
2001	0	1.099	1.341	6.075	99	0
TOTAL	\$6,568				\$14,311	\$9,584

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1981	\$0	1.164	0.000	\$0
1982	7	1.164	0.000	8
1983	0	1.164	0.000	0
1984	0	1.164	0.000	0
1985	0	1.164	0.000	0
1986	0	1.164	0.000	0
1987	35	1.164	0.000	40
1988	7	1.164	0.000	8
1989	72	1.344	0.000	97
1990	141	1.405	0.000	198
1991	180	1.597	0.000	288
1992	0	1.740	0.000	0
1993	43	1.511	0.006	64
1994	30	1.436	0.012	43
1995	43	1.427	0.014	62
1996	505	1.364	0.015	696
1997	832	1.277	0.014	1,074
1998	567	1.380	0.013	790
1999	608	1.546	0.012	947
2000	3,498	1.694	0.012	5,968
2001	0	2.158	0.017	0
TOTAL	\$6,568			\$10,285

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
RELiance INSURANCE COMPANY

COMPENSATION

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

CASE RESERVE DEVELOPMENT APPROACH - METHOD 1									
ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1981	\$0	1.015	1.053	28.126	\$0	\$0	\$0	0.926	\$0
1982	\$0	1.016	1.058	25.594	0	\$0	\$0	0.934	\$0
1983	0	1.015	1.110	11.859	0	0	0	0.931	0
1984	0	1.017	1.121	10.962	3	0	0	0.921	0
1985	0	1.019	1.133	10.127	0	0	0	0.913	0
1986	0	1.021	1.147	9.294	0	0	0	0.906	0
1987	154	1.023	1.162	8.552	231	183	30	0.898	27
1988	127	1.025	1.178	7.892	276	151	24	0.891	22
1989	141	1.027	1.195	7.305	362	169	27	0.885	24
1990	100	1.029	1.213	6.784	210	119	19	0.879	17
1991	24	1.032	1.233	6.331	60	28	5	0.873	4
1992	0	1.034	1.255	5.872	0	0	0	0.868	0
1993	84	1.037	1.279	5.481	241	101	16	0.862	14
1994	100	1.040	1.305	5.122	191	119	20	0.857	17
1995	101	1.043	1.332	4.803	309	121	20	0.852	17
1996	245	1.046	1.362	4.510	508	294	49	0.847	41
1997	280	1.050	1.394	4.255	703	337	57	0.843	48
1998	223	1.053	1.431	3.986	749	267	45	0.838	37
1999	1,607	1.057	1.469	3.769	3,361	1,934	327	0.834	272
2000	979	1.062	1.513	3.563	2,959	1,183	204	0.830	169
2001	0	1.066	1.563	3.352	152	0	0	0.827	0
TOTAL	\$4,165				\$10,316	\$5,006	\$841		\$709

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

CASE RESERVE DEVELOPMENT ATTRIBUTION - PROD II							
ACCIDENT YEAR*	CASE RESERVES	SCF RATIO	SCF RATIO	TOTAL	UNDISCOUNTED	DISCOUNT FACTOR	DISCOUNTED
	@ 6/30/2013	TOTAL RESERVES TO CASE RESERVES	ALAE RESERVES TO CASE RESERVES	RESERVES @ 6/30/2013	SUPP. RESERVES @ 6/30/2013		SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1981	\$0	1.000	0.000	\$0	\$0	0.926	\$0
1982	0	1.000	0.000	0	0	0.934	0
1983	0	1.000	0.000	0	0	0.931	0
1984	0	1.000	0.000	0	0	0.921	0
1985	0	1.000	0.000	0	0	0.913	0
1986	0	1.102	0.000	0	0	0.906	0
1987	154	1.169	0.000	180	26	0.898	23
1988	127	1.192	0.000	151	24	0.891	22
1989	141	1.238	0.000	175	34	0.885	30
1990	100	1.245	0.000	124	24	0.879	21
1991	24	1.266	0.000	30	6	0.873	5
1992	0	1.283	0.000	0	0	0.868	0
1993	84	1.314	0.006	111	27	0.862	23
1994	100	1.328	0.012	133	34	0.857	29
1995	101	1.377	0.014	141	40	0.852	34
1996	245	1.419	0.015	352	106	0.847	90
1997	280	1.357	0.014	384	104	0.843	88
1998	223	1.334	0.013	300	77	0.838	65
1999	1,607	1.409	0.012	2,285	678	0.834	565
2000	979	1.470	0.012	1,452	473	0.830	392
2001	0	1.604	0.017	0	0	0.827	0
TOTAL	\$4,165			\$5,818	\$1,653		\$1,387

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
HIH AMERICA COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
1996	\$0	\$26	\$4	\$0	\$30
1997	94	201	34	0	329
1998	0	21	3	0	24
1999	24	167	28	0	219
2000	785	105	18	0	909
2001	0	15	3	0	18
TOTAL	\$903	\$535	\$91	\$0	\$1,529

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(1)	(2)	(3)	(4)
1996	\$0	\$26	\$10	\$35
1997	85	201	63	349
1998	0	21	6	27
1999	25	167	59	251
2000	888	105	42	1,036
2001	0	15	8	23
TOTAL	\$999	\$535	\$187	\$1,721

Notes:

- (1) - From Exhibit I-P, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-P, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-P, Page 2, Column (10).
(7) - From Exhibit I-P, Page 3, Column (16).
(8) = (5) + (6) + (7).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
HHI AMERICA COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1996	\$0	1.055	1.226	7.557	\$21	\$0
1997	66	1.062	1.247	7.152	207	94
1998	0	1.069	1.271	6.740	2	0
1999	16	1.078	1.293	6.496	70	24
2000	521	1.088	1.316	6.291	1,049	785
2001	0	1.099	1.341	6.075	81	0
TOTAL	\$603				\$1,429	\$903

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013
	(7)	(8)	(9)	(10)
1996	\$0	1.364	0.015	\$0
1997	66	1.277	0.014	85
1998	0	1.380	0.013	0
1999	16	1.546	0.012	25
2000	521	1.694	0.012	888
2001	0	2.158	0.017	0
TOTAL	\$603			\$999

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
HHH AMERICA COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1996	\$26	1.046	1.362	4.510	\$105	\$31	\$5	0.847	\$4
1997	201	1.050	1.394	4.255	474	242	41	0.843	34
1998	21	1.053	1.431	3.986	44	25	4	0.838	3
1999	167	1.057	1.469	3.769	394	201	34	0.834	28
2000	105	1.062	1.513	3.563	361	127	22	0.830	18
2001	15	1.066	1.563	3.352	62	18	3	0.827	3
TOTAL	\$535				\$1,440	\$644	\$109		\$91

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1996	\$26	1.419	0.015	\$37	\$11	0.847	\$10
1997	201	1.357	0.014	275	74	0.843	63
1998	21	1.334	0.013	28	7	0.838	6
1999	167	1.409	0.012	237	70	0.834	59
2000	105	1.470	0.012	156	51	0.830	42
2001	15	1.604	0.017	25	9	0.827	8
TOTAL	\$535			\$758	\$223		\$187

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
GREAT STATES INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
1992	\$3	\$0	\$0	\$0	\$3
1993	23	0	0	0	23
1994	586	85	14	0	685
1995	1,151	398	67	2	1,618
1996	120	20	3	0	144
1997	1,251	455	78	2	1,785
1998	1,780	430	72	2	2,284
1999	2,221	1,054	179	1	3,455
2000	1,075	984	170	0	2,229
2001	78	357	61	0	496
2002	0	0	0	0	0
TOTAL	\$8,287	\$3,783	\$644	\$8	\$12,723

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(5)	(6)	(7)	(8)
1992	\$4	\$0	\$0	\$4
1993	26	0	0	26
1994	634	85	25	743
1995	1,218	398	133	1,749
1996	119	20	7	147
1997	1,141	455	142	1,738
1998	1,727	430	125	2,282
1999	2,354	1,054	371	3,779
2000	1,215	984	394	2,594
2001	109	357	183	650
2002	0	0	0	0
TOTAL	\$8,549	\$3,783	\$1,380	\$13,712

Notes:

- (1) - From Exhibit I-Q, Page 2, Column (6).
- (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
- (3) - From Exhibit I-Q, Page 3, Column (9).
- (4) = (1) + (2) + (3) + (3A).
- (5) - From Exhibit I-Q, Page 2, Column (10).
- (7) - From Exhibit I-Q, Page 3, Column (16).
- (8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
GREAT STATES INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1992	\$2	1.032	1.154	9.717	\$10	\$3
1993	17	1.037	1.172	8.995	33	23
1994	438	1.042	1.190	8.378	801	586
1995	845	1.048	1.209	7.891	1,699	1,151
1996	86	1.055	1.226	7.557	199	120
1997	884	1.062	1.247	7.152	2,231	1,251
1998	1,240	1.069	1.271	6.740	2,694	1,780
1999	1,511	1.078	1.293	6.496	3,065	2,221
2000	712	1.088	1.316	6.291	2,071	1,075
2001	50	1.099	1.341	6.075	646	78
2002	0	1.110	1.369	5.876	0	0
TOTAL	\$5,788				\$13,450	\$8,287

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1992	\$2	1.740	0.000	\$4
1993	17	1.511	0.006	26
1994	438	1.436	0.012	634
1995	845	1.427	0.014	1,218
1996	86	1.364	0.015	119
1997	884	1.277	0.014	1,141
1998	1,240	1.380	0.013	1,727
1999	1,511	1.546	0.012	2,354
2000	712	1.694	0.012	1,215
2001	50	2.158	0.017	109
2002	0	2.143	0.021	0
TOTAL	\$5,788			\$8,549

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
GREAT STATES INSURANCE COMPANY
COMPENSATION
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1992	\$0	1.034	1.255	5.872	\$0	\$0	\$0	0.868	\$0
1993	0	1.037	1.279	5.481	0	0	0	0.862	0
1994	85	1.040	1.305	5.122	224	101	17	0.857	14
1995	398	1.043	1.332	4.803	1,012	477	79	0.852	67
1996	20	1.046	1.362	4.510	55	24	4	0.847	3
1997	455	1.050	1.394	4.255	1,296	547	92	0.843	78
1998	430	1.053	1.431	3.986	1,143	516	86	0.838	72
1999	1,054	1.057	1.469	3.769	2,479	1,269	214	0.834	179
2000	984	1.062	1.513	3.563	2,477	1,189	205	0.830	170
2001	357	1.066	1.563	3.352	1,082	431	74	0.827	61
2002	0	1.071	1.621	3.157	0	0	0	0.823	0
TOTAL	\$3,783				\$9,768	\$4,554	\$771		\$644

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1992	\$0	1.283	0.000	\$0	\$0	0.868	\$0
1993	0	1.314	0.006	0	0	0.862	0
1994	85	1.328	0.012	113	29	0.857	25
1995	398	1.377	0.014	554	156	0.852	133
1996	20	1.419	0.015	29	9	0.847	7
1997	455	1.357	0.014	623	168	0.843	142
1998	430	1.334	0.013	579	149	0.838	125
1999	1,054	1.409	0.012	1,499	444	0.834	371
2000	984	1.470	0.012	1,460	475	0.830	394
2001	357	1.604	0.017	579	222	0.827	183
2002	0	1.604	0.021	0	0	0.823	0
TOTAL	\$3,783			\$5,436	\$1,652		\$1,380

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - (1 / (3))].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
SUPERIOR PACIFIC COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
1996	\$606	\$133	\$22	\$0	\$762
1997	0	13	2	0	16
1998	52	36	6	0	95
1999	0	0	0	0	0
2000	0	0	0	0	0
2001	0	0	0	0	0
TOTAL	\$658	\$183	\$31	\$0	\$872

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(5)	(6)	(7)	(8)
1996	\$601	\$133	\$49	\$783
1997	0	13	4	17
1998	51	36	11	98
1999	0	0	0	0
2000	0	0	0	0
2001	0	0	0	0
TOTAL	\$652	\$183	\$64	\$898

Notes:

- (1) - From Exhibit I-R, Page 2, Column (6).
 (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
 (3) - From Exhibit I-R, Page 3, Column (9).
 (4) = (1) + (2) + (3) + (3A).
 (5) - From Exhibit I-R, Page 2, Column (10).
 (7) - From Exhibit I-R, Page 3, Column (16).
 (8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
SUPERIOR PACIFIC COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1996	\$436	1.055	1.226	7.557	\$714	\$606
1997	0	1.062	1.247	7.152	20	0
1998	37	1.069	1.271	6.740	135	52
1999	0	1.078	1.293	6.496	50	0
2000	0	1.088	1.316	6.291	117	0
2001	0	1.099	1.341	6.075	0	0
TOTAL	\$472				\$1,036	\$658

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1996	\$436	1.364	0.015	\$601
1997	0	1.277	0.014	0
1998	37	1.380	0.013	51
1999	0	1.546	0.012	0
2000	0	1.694	0.012	0
2001	0	2.158	0.017	0
TOTAL	\$472			\$652

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
SUPERIOR PACIFIC COMPANY
COMPENSATION
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1996	\$133	1.046	1.362	4.510	\$358	\$160	\$26	0.847	\$22
1997	13	1.050	1.394	4.255	6	16	3	0.843	2
1998	36	1.053	1.431	3.986	106	44	7	0.838	6
1999	0	1.057	1.469	3.769	81	0	0	0.834	0
2000	0	1.062	1.513	3.563	51	0	0	0.830	0
2001	0	1.066	1.563	3.352	0	0	0	0.827	0
TOTAL	\$183			\$23	\$603	\$219	\$36		\$31

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1996	\$133	1.419	0.015	\$191	\$58	0.847	\$49
1997	13	1.357	0.014	18	5	0.843	4
1998	36	1.334	0.013	49	13	0.838	11
1999	0	1.409	0.012	0	0	0.834	0
2000	0	1.470	0.012	0	0	0.830	0
2001	0	1.604	0.017	0	0	0.827	0
TOTAL	\$183			\$258	\$75		\$64

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
SUPERIOR NATIONAL COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
1990	\$16	\$0	\$0	\$0	\$16
1991	2	0	0	0	2
1992	0	0	0	0	0
1993	0	0	0	0	0
1994	0	0	0	0	0
1995	0	0	0	0	0
1996	1,132	3	1	0	1,136
1997	1,264	177	30	9	1,480
1998	76	0	0	0	76
1999	1,868	615	104	5	2,592
2000	355	1,132	195	1	1,683
TOTAL	\$4,713	\$1,928	\$331	\$14	\$6,986

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(5)	(6)	(7)	(8)
1990	\$17	\$0	\$0	\$17
1991	3	0	0	3
1992	0	0	0	0
1993	0	0	0	0
1994	0	0	0	0
1995	0	0	0	0
1996	1,123	3	1	1,127
1997	1,154	177	55	1,386
1998	74	0	0	74
1999	1,979	615	216	2,811
2000	401	1,132	454	1,987
TOTAL	\$4,751	\$1,928	\$726	\$7,405

Notes:

- (1) - From Exhibit I-S, Page 2, Column (6).
- (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
- (3) - From Exhibit I-S, Page 3, Column (9).
- (4) = (1) + (2) + (3) + (3A).
- (5) - From Exhibit I-S, Page 2, Column (10).
- (7) - From Exhibit I-S, Page 3, Column (16).
- (8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
SUPERIOR NATIONAL COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1990	\$12	1.024	1.118	12.168	\$36	\$16
1991	2	1.027	1.135	10.793	5	2
1992	0	1.032	1.154	9.717	0	0
1993	0	1.037	1.172	8.995	0	0
1994	0	1.042	1.190	8.378	0	0
1995	0	1.048	1.209	7.891	2	0
1996	814	1.055	1.226	7.557	1,418	1,132
1997	894	1.062	1.247	7.152	2,162	1,264
1998	53	1.069	1.271	6.740	226	76
1999	1,271	1.078	1.293	6.496	2,853	1,868
2000	235	1.088	1.316	6.291	1,598	355
TOTAL	\$3,281				\$8,300	\$4,713

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1990	\$12	1.405	0.000	\$17
1991	2	1.597	0.000	3
1992	0	1.740	0.000	0
1993	0	1.511	0.006	0
1994	0	1.436	0.012	0
1995	0	1.427	0.014	0
1996	814	1.364	0.015	1,123
1997	894	1.277	0.014	1,154
1998	53	1.380	0.013	74
1999	1,271	1.546	0.012	1,979
2000	235	1.694	0.012	401
TOTAL	\$3,281			\$4,751

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
SUPERIOR NATIONAL COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1990	\$0	1.029	1.213	6.784	\$0	\$0	\$0	0.879	\$0
1991	0	1.032	1.233	6.331	31	0	0	0.873	0
1992	0	1.034	1.255	5.872	0	0	0	0.868	0
1993	0	1.037	1.279	5.481	0	0	0	0.862	0
1994	0	1.040	1.305	5.122	0	0	0	0.857	0
1995	0	1.043	1.332	4.803	0	0	0	0.852	0
1996	3	1.046	1.362	4.510	120	4	1	0.847	1
1997	177	1.050	1.394	4.255	472	213	36	0.843	30
1998	0	1.053	1.431	3.986	164	0	0	0.838	0
1999	615	1.057	1.469	3.769	1,783	740	125	0.834	104
2000	1,132	1.062	1.513	3.563	2,748	1,368	235	0.830	195
TOTAL	\$1,928				\$5,318	\$2,325	\$406		\$331

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES	UNDISCOUNTED SUPP. RESERVES	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES
	@6/30/2013			@6/30/2013	@6/30/2013		@6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1990	\$0	1.245	0.000	\$0	\$0	0.879	\$0
1991	0	1.266	0.000	0	0	0.873	0
1992	0	1.283	0.000	0	0	0.868	0
1993	0	1.314	0.006	0	0	0.862	0
1994	0	1.328	0.012	0	0	0.857	0
1995	0	1.377	0.014	0	0	0.852	0
1996	3	1.419	0.015	5	1	0.847	1
1997	177	1.357	0.014	243	66	0.843	55
1998	0	1.334	0.013	0	0	0.838	0
1999	615	1.409	0.012	875	259	0.834	216
2000	1,132	1.470	0.012	1,678	546	0.830	454
TOTAL	\$1,928			\$2,801	\$882		\$726

Notes:

- (1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(2) & (3) - Per SCF's historical loss patterns.
(4) = (2) x (3) / [(3) - (2)].
(5) = (6) + Losses paid to date.
(6) = [(1) x (4)] x [1 - (1 / (3))].
(7) = (6) - (1).
(8) & (15) - Based on 1.69% discount.
(9) = (7) x (8).
(11) & (12) - Selected ratios based on SCF loss reserves.
(13) = (10) x (11) + (10) x (12).
(14) = (13) - (10).
(16) = (14) x (15).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
LEGION INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
1991	\$0	\$80	\$14	\$0	\$94
1992	0	139	23	0	162
1993	0	0	0	0	0
1994	0	143	24	0	167
1995	84	34	6	0	123
1996	89	120	20	1	230
1997	245	142	24	0	411
1998	4,821	381	64	8	5,274
1999	708	694	118	4	1,523
2000	577	722	125	8	1,432
2001	287	750	129	2	1,167
2002	737	549	95	1	1,382
TOTAL	\$7,546	\$3,753	\$641	\$25	\$11,965

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
1991	\$0	\$80	\$19	\$99
1992	0	139	34	173
1993	0	0	0	0
1994	0	143	42	184
1995	89	34	11	134
1996	88	120	44	252
1997	223	142	44	409
1998	4,678	381	111	5,170
1999	750	694	244	1,688
2000	653	722	289	1,664
2001	404	750	385	1,538
2002	1,008	549	282	1,839
TOTAL	\$7,892	\$3,753	\$1,505	\$13,150

Notes:

- (1) - From Exhibit I-T, Page 2, Column (6).
- (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
- (3) - From Exhibit I-T, Page 3, Column (9).
- (4) = (1) + (2) + (3) + (3A).
- (5) - From Exhibit I-T, Page 2, Column (10).
- (7) - From Exhibit I-T, Page 3, Column (16).
- (8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
LEGION INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1991	\$0	1.027	1.135	10.793	\$1	\$0
1992	0	1.032	1.154	9.717	1	0
1993	0	1.037	1.172	8.995	0	0
1994	0	1.042	1.190	8.378	0	0
1995	62	1.048	1.209	7.891	117	84
1996	64	1.055	1.226	7.557	320	89
1997	173	1.062	1.247	7.152	368	245
1998	3,359	1.069	1.271	6.740	8,230	4,821
1999	482	1.078	1.293	6.496	1,159	708
2000	382	1.088	1.316	6.291	1,144	577
2001	186	1.099	1.341	6.075	934	287
2002	466	1.110	1.369	5.876	1,954	737
TOTAL	\$5,173				\$14,228	\$7,546

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1991	\$0	1.597	0.000	\$0
1992	0	1.740	0.000	0
1993	0	1.511	0.006	0
1994	0	1.436	0.012	0
1995	62	1.427	0.014	89
1996	64	1.364	0.015	88
1997	173	1.277	0.014	223
1998	3,359	1.380	0.013	4,678
1999	482	1.546	0.012	750
2000	382	1.694	0.012	653
2001	186	2.158	0.017	404
2002	466	2.143	0.021	1,008
TOTAL	\$5,173			\$7,892

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
LEGION INSURANCE COMPANY
COMPENSATION
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

CASE RESERVE DEVELOPMENT AT RISK @ 6/30/2013									
ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1991	\$80	1.032	1.233	6.331	\$158	\$96	\$16	0.873	\$14
1992	139	1.034	1.255	5.872	303	166	27	0.868	23
1993	0	1.037	1.279	5.481	0	0	0	0.862	0
1994	143	1.040	1.305	5.122	338	171	28	0.857	24
1995	34	1.043	1.332	4.803	79	40	7	0.852	6
1996	120	1.046	1.362	4.510	319	144	24	0.847	20
1997	142	1.050	1.394	4.255	350	170	29	0.843	24
1998	381	1.053	1.431	3.986	966	458	77	0.838	64
1999	694	1.057	1.469	3.769	1,724	835	141	0.834	118
2000	722	1.062	1.513	3.563	1,690	872	150	0.830	125
2001	750	1.066	1.563	3.352	1,805	905	156	0.827	129
2002	549	1.071	1.621	3.157	1,460	664	115	0.823	95
TOTAL	\$3,753				\$9,191	\$4,521	\$768		\$641

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

CASE RESERVE DEVELOPMENT APPROACH - METHOD II							
ACCIDENT YEAR*	CASE RESERVES	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES	UNDISCOUNTED SUPP. RESERVES	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES
	@ 6/30/2013			@ 6/30/2013	@ 6/30/2013		@ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1991	\$80	1.266	0.000	\$102	\$21	0.873	\$19
1992	139	1.283	0.000	178	39	0.868	34
1993	0	1.314	0.006	0	0	0.862	0
1994	143	1.328	0.012	191	49	0.857	42
1995	34	1.377	0.014	47	13	0.852	11
1996	120	1.419	0.015	172	52	0.847	44
1997	142	1.357	0.014	194	52	0.843	44
1998	381	1.334	0.013	514	132	0.838	111
1999	694	1.409	0.012	986	292	0.834	244
2000	722	1.470	0.012	1,071	348	0.830	289
2001	750	1.604	0.017	1,215	466	0.827	385
2002	549	1.604	0.021	892	343	0.823	282
TOTAL	\$3,753			\$5,562	\$1,809		\$1,505

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
PAULA INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
1979	\$0	\$17	\$7	\$0	\$25
1980	0	53	21	0	75
1981	105	29	11	6	150
1982	0	0	0	0	0
1983	0	0	0	0	0
1984	0	0	0	0	0
1985	4	72	12	0	89
1986	0	0	0	0	0
1987	0	112	19	0	131
1988	0	16	3	0	18
1989	0	216	37	0	253
1990	0	71	12	0	83
1991	0	0	0	0	0
1992	37	313	52	1	403
1993	5	95	16	0	116
1994	132	114	19	0	265
1995	69	150	25	0	244
1996	730	449	76	0	1,255
1997	2,757	224	38	1	3,020
1998	1,012	501	84	2	1,599
1999	189	105	18	0	311
2000	487	434	75	4	1,000
2001	762	283	49	1	1,095
2002	26	576	99	0	702
TOTAL	\$6,314	\$3,830	\$674	\$14	\$10,834

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
1979	\$0	\$17	\$0	\$17
1980	0	53	0	53
1981	118	29	0	147
1982	0	0	0	0
1983	0	0	0	0
1984	0	0	0	0
1985	3	72	0	76
1986	0	0	0	0
1987	0	112	17	129
1988	0	16	3	18
1989	0	216	45	261
1990	0	71	15	86
1991	0	0	0	0
1992	50	313	77	440
1993	6	95	26	126
1994	142	114	33	289
1995	73	150	50	273
1996	724	449	165	1,338
1997	2,515	224	70	2,809
1998	982	501	146	1,628
1999	200	105	37	341
2000	551	434	174	1,159
2001	1,073	283	146	1,502
2002	35	576	296	908
TOTAL	\$6,473	\$3,830	\$1,299	\$11,600

Notes:

- (1) - From Exhibit I-U, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-U, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-U, Page 2, Column (10).
(7) - From Exhibit I-U, Page 3, Column (16).
(8) = (5) + (6) + (7).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
PAULA INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1979	\$0	1.000	1.018	58.143	\$0	\$0
1980	0	1.000	1.023	43.553	0	0
1981	102	1.001	1.028	37.437	232	105
1982	0	1.004	1.032	36.968	0	0
1983	0	1.008	1.039	33.231	0	0
1984	0	1.011	1.048	28.636	0	0
1985	3	1.013	1.056	24.853	6	4
1986	0	1.014	1.067	20.414	0	0
1987	0	1.016	1.080	17.145	0	0
1988	0	1.018	1.092	15.022	8	0
1989	0	1.021	1.104	13.493	18	0
1990	0	1.024	1.118	12.168	0	0
1991	0	1.027	1.135	10.793	82	0
1992	29	1.032	1.154	9.717	275	37
1993	4	1.037	1.172	8.995	25	5
1994	98	1.042	1.190	8.378	308	132
1995	51	1.048	1.209	7.891	362	69
1996	525	1.055	1.226	7.557	1,160	730
1997	1,949	1.062	1.247	7.152	3,814	2,757
1998	705	1.069	1.271	6.740	1,787	1,012
1999	128	1.078	1.293	6.496	377	189
2000	323	1.088	1.316	6.291	869	487
2001	493	1.099	1.341	6.075	1,728	762
2002	16	1.110	1.369	5.876	646	26
TOTAL	\$4,426				\$11,697	\$6,314

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1979	\$0	1.164	0.000	\$0
1980	0	1.164	0.000	0
1981	102	1.164	0.000	118
1982	0	1.164	0.000	0
1983	0	1.164	0.000	0
1984	0	1.164	0.000	0
1985	3	1.164	0.000	3
1986	0	1.164	0.000	0
1987	0	1.164	0.000	0
1988	0	1.164	0.000	0
1989	0	1.344	0.000	0
1990	0	1.405	0.000	0
1991	0	1.597	0.000	0
1992	29	1.740	0.000	50
1993	4	1.511	0.006	6
1994	98	1.436	0.012	142
1995	51	1.427	0.014	73
1996	525	1.364	0.015	724
1997	1,949	1.277	0.014	2,515
1998	705	1.380	0.013	982
1999	128	1.546	0.012	200
2000	323	1.694	0.012	551
2001	493	2.158	0.017	1,073
2002	16	2.143	0.021	35
TOTAL	\$4,426			\$6,473

Notes:

- (1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.
 (2) & (3) - Per SCF's historical loss patterns.
 (4) = (2) x (3) / [(3) - (2)].
 (5) = (6) + Losses paid to date.
 (6) = [(1) x (4)] x [1 - {1 / (3)}].
 (8) & (9) - Selected ratios based on SCF loss reserves.
 (10) = (7) x (8) + (7) x (9).
 * All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
PAULA INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1979	\$17	1.013	1.043	35.219	\$64	\$25	\$8	0.932	\$7
1980	53	1.014	1.048	31.255	135	77	23	0.923	21
1981	29	1.015	1.053	28.126	113	40	12	0.926	11
1982	0	1.016	1.058	25.594	0	0	0	0.934	0
1983	0	1.015	1.110	11.859	0	0	0	0.931	0
1984	0	1.017	1.121	10.962	5	0	0	0.921	0
1985	72	1.019	1.133	10.127	165	86	14	0.913	12
1986	0	1.021	1.147	9.294	0	0	0	0.906	0
1987	112	1.023	1.162	8.552	317	133	21	0.898	19
1988	16	1.025	1.178	7.892	83	19	3	0.891	3
1989	216	1.027	1.195	7.305	421	257	41	0.885	37
1990	71	1.029	1.213	6.784	185	85	14	0.879	12
1991	0	1.032	1.233	6.331	71	0	0	0.873	0
1992	313	1.034	1.255	5.872	728	373	60	0.868	52
1993	95	1.037	1.279	5.481	250	113	18	0.862	16
1994	114	1.040	1.305	5.122	386	136	22	0.857	19
1995	150	1.043	1.332	4.803	454	180	30	0.852	25
1996	449	1.046	1.362	4.510	1,029	538	89	0.847	76
1997	224	1.050	1.394	4.255	551	270	45	0.843	38
1998	501	1.053	1.431	3.986	1,227	602	101	0.838	84
1999	105	1.057	1.469	3.769	612	126	21	0.834	18
2000	434	1.062	1.513	3.563	1,121	524	90	0.830	75
2001	283	1.066	1.563	3.352	1,350	342	59	0.827	49
2002	576	1.071	1.621	3.157	1,346	697	121	0.823	99
TOTAL	\$3,830				\$10,612	\$4,623	\$793		\$674

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1979	\$17	1.000	0.000	\$17	\$0	0.932	\$0
1980	53	1.000	0.000	53	0	0.923	0
1981	29	1.000	0.000	29	0	0.926	0
1982	0	1.000	0.000	0	0	0.934	0
1983	0	1.000	0.000	0	0	0.931	0
1984	0	1.000	0.000	0	0	0.921	0
1985	72	1.000	0.000	72	0	0.913	0
1986	0	1.102	0.000	0	0	0.906	0
1987	112	1.169	0.000	131	19	0.898	17
1988	16	1.192	0.000	19	3	0.891	3
1989	216	1.238	0.000	267	51	0.885	45
1990	71	1.245	0.000	88	17	0.879	15
1991	0	1.266	0.000	0	0	0.873	0
1992	313	1.283	0.000	401	89	0.868	77
1993	95	1.314	0.006	125	30	0.862	26
1994	114	1.328	0.012	153	39	0.857	33
1995	150	1.377	0.014	209	59	0.852	50
1996	449	1.419	0.015	644	195	0.847	165
1997	224	1.357	0.014	307	83	0.843	70
1998	501	1.334	0.013	675	174	0.838	146
1999	105	1.409	0.012	149	44	0.834	37
2000	434	1.470	0.012	643	209	0.830	174
2001	283	1.604	0.017	460	176	0.827	146
2002	576	1.604	0.021	936	360	0.823	296
TOTAL	\$3,830			\$5,378	\$1,548		\$1,299

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - (1 / (3))].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2012
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
VILLANOVA INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
2000	\$0	\$0	\$0	\$0	\$0
2001	0	0	0	0	0
2002	861	225	39	0	1,125
TOTAL	\$861	\$225	\$39	\$0	\$1,125

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
2000	\$0	\$0	\$0	\$0
2001	0	0	0	0
2002	988	225	124	1,337
TOTAL	\$988	\$225	\$124	\$1,337

Notes:

- (1) - From Exhibit I-X, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-X, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-X, Page 2, Column (10).
(7) - From Exhibit I-X, Page 3, Column (16).
(8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2012
CALCULATION OF LOSS RESERVES
VILLANOVA INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2012	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2012
	(1)	(2)	(3)	(4)	(5)	(6)
2000	\$0	1.099	1.341	6.075	\$0	\$0
2001	0	1.110	1.369	5.876	43	0
2002	530	1.123	1.399	5.701	1,605	861
TOTAL	\$530				\$1,648	\$861

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2012	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2012
	(7)	(8)	(9)	(10)
2000	\$0	2.158	0.017	\$0
2001	0	2.143	0.021	0
2002	530	1.838	0.027	988
TOTAL	\$530			\$988

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2012
CALCULATION OF LOSS RESERVES
VILLANOVA INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2012	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2012	UNDISCOUNTED SUPP. RESERVES @ 6/30/2012	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2012
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2000	\$0	1.066	1.563	3.352	\$0	\$0	\$0	0.827	\$0
2001	0	1.071	1.621	3.157	\$53	0	0	0.823	\$0
2002	225	1.076	1.683	2.983	635	273	48	0.819	39
TOTAL	\$225				\$688	\$273	\$48		\$39

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2012	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2012	UNDISCOUNTED SUPP. RESERVES @ 6/30/2012	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2012
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
2000	\$0	1.604	0.017	\$0	\$0	0.827	\$0
2001	0	1.604	0.021	0	0	0.823	0
2002	225	1.644	0.027	377	151	0.819	124
TOTAL	\$225			\$377	\$151		\$124

Notes:

- (1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(2) & (3) - Per SCF's historical loss patterns.
(4) = (2) x (3) / [(3) - (2)].
(5) = (6) + Losses paid to date.
(6) = [(1) x (4)] x [1 - (1 / (3))].
(7) = (6) - (1).
(8) & (15) - Based on 1.69% discount.
(9) = (7) x (8).
(11) & (12) - Selected ratios based on SCF loss reserves.
(13) = (10) x (11) + (10) x (12).
(14) = (13) - (10).
(16) = (14) x (15).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
WESTERN GROWERS INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
1995	\$0	\$44	\$7	\$0	\$51
1996	0	43	7	0	51
1997	0	0	0	0	0
1998	0	49	8	0	58
1999	0	84	14	0	98
2000	37	0	0	0	37
2001	0	105	18	0	123
TOTAL	\$37	\$326	\$55	\$0	\$418

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
1995	\$0	\$44	\$15	\$59
1996	0	43	16	59
1997	0	0	0	0
1998	0	49	14	64
1999	0	84	30	114
2000	42	0	0	42
2001	0	105	54	159
TOTAL	\$42	\$326	\$129	\$497

Notes:

- (1) - From Exhibit I-Y, Page 2, Column (10).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-Y, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-Y, Page 2, Column (10).
(7) - From Exhibit I-Y, Page 3, Column (16).
(8) = (5) + (6) + (7).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
WESTERN GROWERS INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1995	\$0	1.048	1.209	7.891	\$3	\$0
1996	0	1.055	1.226	7.557	2	0
1997	0	1.062	1.247	7.152	2	0
1998	0	1.069	1.271	6.740	2	0
1999	0	1.078	1.293	6.496	3	0
2000	24	1.088	1.316	6.291	203	37
2001	0	1.099	1.341	6.075	24	0
TOTAL	\$24				\$239	\$37

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013
	(7)	(8)	(9)	(10)
1995	\$0	1.427	0.014	\$0
1996	0	1.364	0.015	0
1997	0	1.277	0.014	0
1998	0	1.380	0.013	0
1999	0	1.546	0.012	0
2000	24	1.694	0.012	42
2001	0	2.158	0.017	0
TOTAL	\$24			\$42

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
WESTERN GROWERS INSURANCE COMPANY
COMPENSATION
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1995	\$44	1.043	1.332	4.803	\$91	\$53	\$9	0.852	\$7
1996	43	1.046	1.362	4.510	142	52	9	0.847	7
1997	0	1.050	1.394	4.255	0	0	0	0.843	0
1998	49	1.053	1.431	3.986	124	59	10	0.838	8
1999	84	1.057	1.469	3.769	181	101	17	0.834	14
2000	0	1.062	1.513	3.563	84	0	0	0.830	0
2001	105	1.066	1.563	3.352	232	127	22	0.827	18
TOTAL	\$326				\$855	\$392	\$66		\$55

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1995	\$44	1.377	0.014	\$61	\$17	0.852	\$15
1996	43	1.419	0.015	62	19	0.847	16
1997	0	1.357	0.014	0	0	0.843	0
1998	49	1.334	0.013	67	17	0.838	14
1999	84	1.409	0.012	119	35	0.834	30
2000	0	1.470	0.012	0	0	0.830	0
2001	105	1.604	0.017	171	65	0.827	54
TOTAL	\$326			\$480	\$154		\$129

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
LUMBERMENS MUTUAL CASUALTY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
(1)	(2)	(3)	(3A)	(4)	
1980	\$160	\$71	\$28	\$0	\$259
1981	0	0	0	0	0
1982	17	4	1	5	27
1983	0	0	0	0	0
1984	0	0	0	0	0
1985	1	0	0	0	1
1986	45	101	18	0	164
1987	100	60	10	0	171
1988	0	0	0	0	0
1989	0	0	0	3	3
1990	102	0	0	0	102
1991	0	0	0	0	0
1992	449	80	13	0	542
1993	111	290	49	0	450
1994	13	5	1	0	19
1995	0	0	0	0	0
1996	199	12	2	0	214
1997	291	150	26	5	472
1998	1,187	237	40	3	1,466
1999	1,068	474	80	3	1,625
2000	437	224	39	0	700
2001	438	333	57	5	833
2002	537	448	77	1	1,063
2003	5	0	0	0	5
TOTAL	\$5,160	\$2,489	\$441	\$26	\$8,116

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
(1)	(2)	(3)	(4)	
1980	\$186	\$71	\$0	\$257
1981	0	0	0	0
1982	17	4	0	21
1983	0	0	0	0
1984	0	0	0	0
1985	1	0	0	1
1986	41	101	0	142
1987	92	60	0	152
1988	0	0	0	0
1989	0	0	0	0
1990	112	0	0	112
1991	0	0	0	0
1992	603	80	0	683
1993	128	290	0	418
1994	14	5	0	19
1995	0	0	0	0
1996	198	12	0	210
1997	265	150	0	416
1998	1,151	237	0	1,388
1999	1,131	474	0	1,605
2000	494	224	0	718
2001	617	333	0	950
2002	734	448	0	1,183
2003	6	0	0	6
TOTAL	\$5,791	\$2,489	\$0	\$8,281

Notes:

- (1) - From Exhibit I-AE, Page 2, Column (6).
- (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
- (3) - From Exhibit I-AE, Page 3, Column (9).
- (4) = (1) + (2) + (3) + (3A).
- (5) - From Exhibit I-AE, Page 2, Column (10).
- (7) - From Exhibit I-AE, Page 3, Column (16).
- (8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
LUMBERMENS MUTUAL CASUALTY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1980	\$160	1.000	1.023	43.553	\$160	\$160
1981	0	1.001	1.028	37.437	0	0
1982	15	1.004	1.032	36.968	17	17
1983	0	1.008	1.039	33.231	0	0
1984	0	1.011	1.048	28.636	0	0
1985	1	1.013	1.056	24.853	1	1
1986	35	1.014	1.067	20.414	45	45
1987	79	1.016	1.080	17.145	100	100
1988	0	1.018	1.092	15.022	0	0
1989	0	1.021	1.104	13.493	0	0
1990	80	1.024	1.118	12.168	102	102
1991	0	1.027	1.135	10.793	0	0
1992	347	1.032	1.154	9.717	449	449
1993	84	1.037	1.172	8.995	111	111
1994	10	1.042	1.190	8.378	13	13
1995	0	1.048	1.209	7.891	0	0
1996	143	1.055	1.226	7.557	199	199
1997	206	1.062	1.247	7.152	291	291
1998	827	1.069	1.271	6.740	1,187	1,187
1999	726	1.078	1.293	6.496	1,068	1,068
2000	290	1.088	1.316	6.291	437	437
2001	283	1.099	1.341	6.075	438	438
2002	339	1.110	1.369	5.876	537	537
2003	3	1.123	1.399	5.701	5	5
TOTAL	\$3,628				\$5,160	\$5,160

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1980	\$160	1.164	0.000	\$186
1981	0	1.164	0.000	0
1982	15	1.164	0.000	17
1983	0	1.164	0.000	0
1984	0	1.164	0.000	0
1985	1	1.164	0.000	1
1986	35	1.164	0.000	41
1987	79	1.164	0.000	92
1988	0	1.164	0.000	0
1989	0	1.344	0.000	0
1990	80	1.405	0.000	112
1991	0	1.597	0.000	0
1992	347	1.740	0.000	603
1993	84	1.511	0.006	128
1994	10	1.436	0.012	14
1995	0	1.427	0.014	0
1996	143	1.364	0.015	198
1997	206	1.277	0.014	265
1998	827	1.380	0.013	1,151
1999	726	1.546	0.012	1,131
2000	290	1.694	0.012	494
2001	283	2.158	0.017	617
2002	339	2.143	0.021	734
2003	3	1.838	0.027	6
TOTAL	\$3,628			\$5,791

Notes:

- (1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(2) & (3) - Per SCF's historical loss patterns.
(4) = (2) x (3) / [(3) - (2)].
(5) = (6) + Losses paid to date.
(6) = {(1) x (4)} x [1 - {1 / (3)}].
(8) & (9) - Selected ratios based on SCF loss reserves.
(10) = (7) x (8) + (7) x (9).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
LUMBERMENS MUTUAL CASUALTY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMNT FACTORS	PAID LOSS DEVLPMNT FACTORS	CASE RSV DEVLPMNT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1980	\$71	1.014	1.048	31.255	\$101	\$101	\$30	0.923	\$28
1981	0	1.015	1.053	28.126	0	0	0	0.926	0
1982	4	1.016	1.058	25.594	5	5	2	0.934	1
1983	0	1.015	1.110	11.859	0	0	0	0.931	0
1984	0	1.017	1.121	10.962	0	0	0	0.921	0
1985	0	1.019	1.133	10.127	0	0	0	0.913	0
1986	101	1.021	1.147	9.294	121	121	19	0.906	18
1987	60	1.023	1.162	8.552	71	71	12	0.898	10
1988	0	1.025	1.178	7.892	0	0	0	0.891	0
1989	0	1.027	1.195	7.305	0	0	0	0.885	0
1990	0	1.029	1.213	6.784	0	0	0	0.879	0
1991	0	1.032	1.233	6.331	0	0	0	0.873	0
1992	80	1.034	1.255	5.872	95	95	15	0.868	13
1993	290	1.037	1.279	5.481	347	347	57	0.862	49
1994	5	1.040	1.305	5.122	6	6	1	0.857	1
1995	0	1.043	1.332	4.803	0	0	0	0.852	0
1996	12	1.046	1.362	4.510	15	15	2	0.847	2
1997	150	1.050	1.394	4.255	181	181	30	0.843	26
1998	237	1.053	1.431	3.986	284	284	48	0.838	40
1999	474	1.057	1.469	3.769	570	570	96	0.834	80
2000	224	1.062	1.513	3.563	271	271	47	0.830	39
2001	333	1.066	1.563	3.352	402	402	69	0.827	57
2002	448	1.071	1.621	3.157	542	542	94	0.823	77
2003	0	1.076	1.683	2.983	0	0	0	0.819	0
TOTAL	\$2,489				\$3,011	\$3,011	\$522		\$441

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1980	\$71	1.000	0.000	\$71	\$0	0.923	\$0
1981	0	1.000	0.000	0	0	0.926	0
1982	4	1.000	0.000	4	0	0.934	0
1983	0	1.000	0.000	0	0	0.931	0
1984	0	1.000	0.000	0	0	0.921	0
1985	0	1.000	0.000	0	0	0.913	0
1986	101	1.102	0.000	112	10	0.000	0
1987	60	1.169	0.000	70	10	0.000	0
1988	0	1.192	0.000	0	0	0.000	0
1989	0	1.238	0.000	0	0	0.000	0
1990	0	1.245	0.000	0	0	0.000	0
1991	0	1.266	0.000	0	0	0.000	0
1992	80	1.283	0.000	102	23	0.000	0
1993	290	1.314	0.006	383	93	0.000	0
1994	5	1.328	0.012	7	2	0.000	0
1995	0	1.377	0.014	0	0	0.000	0
1996	12	1.419	0.015	18	5	0.000	0
1997	150	1.357	0.014	206	56	0.000	0
1998	237	1.334	0.013	319	82	0.000	0
1999	474	1.409	0.012	673	200	0.000	0
2000	224	1.470	0.012	332	108	0.000	0
2001	333	1.604	0.017	540	207	0.000	0
2002	448	1.604	0.021	728	280	0.000	0
2003	0	1.644	0.027	0	0	0.000	0
TOTAL	\$2,489			\$3,564	\$1,075		\$0

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - (1 / (3))].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
HOME INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
1970	\$0	\$0	\$0	\$0	\$0
1971	0	0	0	0	0
1972	0	0	0	0	0
1973	0	0	0	0	0
1974	0	0	0	0	0
1975	0	12	0	0	12
1976	41	24	12	0	77
1977	0	0	0	0	0
1978	4	53	24	0	81
1979	335	72	30	8	446
1980	5	23	9	0	38
1981	3	13	5	0	21
1982	11	0	0	0	11
1983	0	0	0	0	0
1984	56	33	6	0	94
1985	433	0	0	4	437
1986	0	138	24	0	161
1987	268	0	0	0	269
1988	17	68	12	0	96
1989	6	0	0	0	7
1990	1,707	53	9	3	1,772
1991	81	156	27	0	264
1992	1,222	65	11	5	1,303
1993	23	0	0	0	23
1994	0	0	0	0	0
1995	0	0	0	0	0
1996	0	0	0	0	0
1997	0	0	0	0	0
1998	0	0	0	0	0
TOTAL	\$4,213	\$709	\$167	\$22	\$5,112

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
1970	\$0	\$0	\$0	\$0
1971	0	0	0	0
1972	0	0	0	0
1973	0	0	0	0
1974	0	0	0	0
1975	1	12	0	13
1976	41	24	0	65
1977	0	0	0	0
1978	5	53	0	58
1979	390	72	0	462
1980	6	23	0	29
1981	4	13	0	16
1982	12	0	0	12
1983	0	0	0	0
1984	49	33	0	82
1985	385	0	0	385
1986	0	138	13	150
1987	246	0	0	246
1988	15	68	12	95
1989	7	0	0	7
1990	1,875	53	11	1,939
1991	100	156	36	293
1992	1,640	65	16	1,721
1993	27	0	0	27
1994	0	0	0	0
1995	0	0	0	0
1996	0	0	0	0
1997	0	0	0	0
1998	0	0	0	0
TOTAL	\$4,803	\$709	\$88	\$5,600

Notes:

- (1) - From Exhibit I-AG, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-AG, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-AG, Page 2, Column (10).
(7) - From Exhibit I-AG, Page 3, Column (16).
(8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
HOME INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1970	\$0	1.000	1.000	1.000	\$0	\$0
1971	0	1.000	1.000	1.000	\$0	0
1972	0	1.000	1.000	1.000	\$95	0
1973	0	1.000	1.000	1.000	\$0	0
1974	0	1.000	1.000	1.000	\$3	0
1975	1	1.000	1.000	1.000	44	0
1976	41	1.000	1.003	401.000	138	41
1977	0	1.000	1.008	134.333	0	0
1978	4	1.000	1.013	81.000	42	4
1979	335	1.000	1.018	58.143	1,826	335
1980	5	1.000	1.023	43.553	32	5
1981	3	1.001	1.028	37.437	45	3
1982	10	1.004	1.032	36.968	15	11
1983	0	1.008	1.039	33.231	0	0
1984	42	1.011	1.048	28.636	118	56
1985	331	1.013	1.056	24.853	536	433
1986	0	1.014	1.067	20.414	0	0
1987	211	1.016	1.080	17.145	534	268
1988	13	1.018	1.092	15.022	27	17
1989	5	1.021	1.104	13.493	69	6
1990	1,334	1.024	1.118	12.168	2,276	1,707
1991	63	1.027	1.135	10.793	202	81
1992	942	1.032	1.154	9.717	1,676	1,222
1993	18	1.037	1.172	8.995	34	23
1994	0	1.042	1.190	8.378	3	0
1995	0	1.048	1.209	7.891	0	0
1996	0	1.055	1.226	7.557	0	0
1997	0	1.062	1.247	7.152	0	0
1998	0	1.069	1.271	6.740	0	0
TOTAL	\$3,360				\$7,716	\$4,213

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE	SCF RATIO	SCF RATIO	TOTAL
	RESERVES @ 6/30/2013	TOTAL RESERVES TO CASE RESERVES	ALAE RESERVES TO CASE RESERVES	RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1970	\$0	1.000	0.000	\$0
1971	0	1.000	0.000	0
1972	0	1.000	0.000	0
1973	0	1.000	0.000	0
1974	0	1.000	0.000	0
1975	1	1.000	0.000	1
1976	41	1.000	0.000	41
1977	0	1.082	0.000	0
1978	4	1.164	0.000	5
1979	335	1.164	0.000	390
1980	5	1.164	0.000	6
1981	3	1.164	0.000	4
1982	10	1.164	0.000	12
1983	0	1.164	0.000	0
1984	42	1.164	0.000	49
1985	331	1.164	0.000	385
1986	0	1.164	0.000	0
1987	211	1.164	0.000	246
1988	13	1.164	0.000	15
1989	5	1.344	0.000	7
1990	1,334	1.405	0.000	1,875
1991	63	1.597	0.000	100
1992	942	1.740	0.000	1,640
1993	18	1.511	0.006	27
1994	0	1.436	0.012	0
1995	0	1.427	0.014	0
1996	0	1.364	0.015	0
1997	0	1.277	0.014	0
1998	0	1.380	0.013	0
TOTAL	\$3,360			\$4,803

Notes:

- (1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.
 (2) & (3) - Per SCF's historical loss patterns.
 (4) = (2) x (3) / [(3) - (2)].
 (5) = (6) + Losses paid to date.
 (6) = [(1) x (4)] x [1 - {1 / (3)}].
 (8) & (9) - Selected ratios based on SCF loss reserves.
 (10) = (7) x (8) + (7) x (9).
 * All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
 AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
HOME INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

CASE RESERVE DEVELOPMENT AT FISCAL YEAR END									
ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPM FACTORS	PAID LOSS DEVLPM FACTORS	CASE RSV DEVLPM FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1970	\$0	1.000	1.000	1.000	\$0	\$0	\$0	1.000	\$0
1971	0	1.000	1.000	1.000	\$7	0	0	1.000	0
1972	0	1.000	1.000	1.000	\$11	0	0	0.996	0
1973	0	1.000	1.000	1.000	\$5	0	0	0.989	0
1974	0	1.000	1.010	101.000	\$0	0	0	0.982	0
1975	12	1.000	1.020	51.000	28	12	0	0.974	0
1976	24	1.010	1.031	49.586	88	36	12	0.963	12
1977	0	1.011	1.034	45.451	0	0	0	0.951	0
1978	53	1.012	1.038	40.402	142	78	25	0.941	24
1979	72	1.013	1.043	35.219	202	105	33	0.932	30
1980	23	1.014	1.048	31.255	52	33	10	0.923	9
1981	13	1.015	1.053	28.126	33	18	5	0.926	5
1982	0	1.016	1.058	25.594	0	0	0	0.934	0
1983	0	1.015	1.110	11.859	0	0	0	0.931	0
1984	33	1.017	1.121	10.962	82	39	6	0.921	6
1985	0	1.019	1.133	10.127	0	0	0	0.913	0
1986	138	1.021	1.147	9.294	280	164	26	0.906	24
1987	0	1.023	1.162	8.552	34	0	0	0.898	0
1988	68	1.025	1.178	7.892	215	81	13	0.891	12
1989	0	1.027	1.195	7.305	41	0	0	0.885	0
1990	53	1.029	1.213	6.784	207	63	10	0.879	9
1991	156	1.032	1.233	6.331	271	187	31	0.873	27
1992	65	1.034	1.255	5.872	202	78	13	0.868	11
1993	0	1.037	1.279	5.481	0	0	0	0.862	0
1994	0	1.040	1.305	5.122	0	0	0	0.857	0
1995	0	1.043	1.332	4.803	0	0	0	0.852	0
1996	0	1.046	1.362	4.510	0	0	0	0.847	0
1997	0	1.050	1.394	4.255	0	0	0	0.843	0
1998	0	1.053	1.431	3.986	0	0	0	0.838	0
TOTAL	\$709				\$1,899	\$893	\$184		\$167

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

CASE RESERVE DEVELOPMENT BY ACCIDENT YEAR							
ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1970	\$0	1.000	0.000	\$0	\$0	1.000	\$0
1971	0	1.000	0.000	0	0	1.000	0
1972	0	1.000	0.000	0	0	0.996	0
1973	0	1.000	0.000	0	0	0.989	0
1974	0	1.000	0.000	0	0	0.982	0
1975	12	1.000	0.000	12	0	0.974	0
1976	24	1.000	0.000	24	0	0.963	0
1977	0	1.000	0.000	0	0	0.951	0
1978	53	1.000	0.000	53	0	0.941	0
1979	72	1.000	0.000	72	0	0.932	0
1980	23	1.000	0.000	23	0	0.923	0
1981	13	1.000	0.000	13	0	0.926	0
1982	0	1.000	0.000	0	0	0.934	0
1983	0	1.000	0.000	0	0	0.931	0
1984	33	1.000	0.000	33	0	0.921	0
1985	0	1.000	0.000	0	0	0.913	0
1986	138	1.102	0.000	152	14	0.906	13
1987	0	1.169	0.000	0	0	0.898	0
1988	68	1.192	0.000	81	13	0.891	12
1989	0	1.238	0.000	0	0	0.885	0
1990	53	1.245	0.000	66	13	0.879	11
1991	156	1.266	0.000	198	41	0.873	36
1992	65	1.283	0.000	83	18	0.868	16
1993	0	1.314	0.006	0	0	0.862	0
1994	0	1.328	0.012	0	0	0.857	0
1995	0	1.377	0.014	0	0	0.852	0
1996	0	1.419	0.015	0	0	0.847	0
1997	0	1.357	0.014	0	0	0.843	0
1998	0	1.334	0.013	0	0	0.838	0
TOTAL	\$709			\$809	\$100		\$88

Notes:

- (1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.
 (2) & (3) - Per SCF's historical loss patterns.
 (4) = (2) x (3) / [(3) - (2)].
 (5) = (6) + Losses paid to date.
 (6) = {(1) x (4)} x [1 - {1 / (3)}].
 (7) = (6) - (1).
 (8) & (15) - Based on 1.69% discount.
 (9) = (7) x (8).
 (11) & (12) - Selected ratios based on SCF loss reserves.
 (13) = (10) x (11) + (10) x (12).
 (14) = (13) - (10).
 (16) = (14) x (15).
 * All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
CASUALTY RECIPROCAL
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
1999	\$0	\$0	\$0	\$0	\$0
2000	0	7	1	0	8
2001	4	93	16	0	113
2002	47	115	20	0	182
TOTAL	\$51	\$214	\$37	\$0	\$303

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
1999	\$0	\$0	\$0	\$0
2000	0	7	3	9
2001	6	93	48	146
2002	64	115	59	239
TOTAL	\$70	\$214	\$109	\$394

Notes:

- (1) - From Exhibit I-AH, Page 2, Column (6).
 (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
 (3) - From Exhibit I-AH, Page 3, Column (9).
 (4) = (1) + (2) + (3) + (3A).
 (5) - From Exhibit I-AH, Page 2, Column (10).
 (7) - From Exhibit I-AH, Page 3, Column (16).
 (8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
CASUALTY RECIPROCAL
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1999	\$0	1.078	1.293	6.496	\$1	\$0
2000	0	1.088	1.316	6.291	113	0
2001	3	1.099	1.341	6.075	52	4
2002	30	1.110	1.369	5.876	101	47
TOTAL	\$32				\$266	\$51

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1999	\$0	1.546	0.012	\$0
2000	0	1.694	0.012	0
2001	3	2.158	0.017	6
2002	30	2.143	0.021	64
TOTAL	\$32			\$70

Notes:

(1) & (7)- Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
CASUALTY RECIPROCAL
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1999	\$0	1.057	1.469	3.769	\$4	\$0	\$0	0.834	\$0
2000	7	1.062	1.513	3.563	39	8	1	0.830	1
2001	93	1.066	1.563	3.352	305	112	19	0.827	16
2002	115	1.071	1.621	3.157	263	139	24	0.823	20
TOTAL	\$214				\$611	\$259	\$45		\$37

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1999	\$0	1.409	0.012	\$0	\$0	0.834	\$0
2000	7	1.470	0.012	10	3	0.830	3
2001	93	1.604	0.017	150	57	0.827	48
2002	115	1.604	0.021	187	72	0.823	59
TOTAL	\$214			\$347	\$133		\$109

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - (1 / (3))].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
CONSOLIDATED AMERICAN
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
2002	\$23	\$0	\$0	\$0	\$24
TOTAL	\$23	\$0	\$0	\$0	\$24

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
2002	\$32	\$0	\$0	\$32
TOTAL	\$32	\$0	\$0	\$32

Notes:

- (1) - From Exhibit I-AI, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-AI, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-AI, Page 2, Column (10).
(7) - From Exhibit I-AI, Page 3, Column (16).
(8) = (5) + (6) + (7).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
CONSOLIDATED AMERICAN
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
2002	\$15	1.110	1.369	5.876	\$39	\$23
TOTAL	\$15				\$39	\$23

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013
	(7)	(8)	(9)	(10)
2002	\$15	2.143	0.021	\$32
TOTAL	\$15			\$32

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
CONSOLIDATED AMERICAN
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2002	\$0	1.071	1.621	3.157	\$1	\$0	\$0	0.823	0
TOTAL	\$0				\$1	\$0	\$0		\$0

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
2002	\$0	1.604	0.021	\$0	\$0	0.823	0
TOTAL	\$0			\$0	\$0		\$0

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - (1 / (3))].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
REALM NATIONAL INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
(1)	(2)	(3)	(3A)	(4)	
1983	\$0	\$0	\$0	\$0	\$0
1984	0	0	0	0	0
1985	0	0	0	0	0
1986	0	0	0	0	0
1987	0	0	0	0	0
1988	0	0	0	0	0
1989	0	0	0	0	0
1990	0	0	0	0	0
1991	0	0	0	0	0
1992	0	0	0	0	0
1993	0	0	0	0	0
1994	0	0	0	0	0
1995	0	0	0	0	0
1996	0	0	0	0	0
1997	0	0	0	0	0
1998	0	0	0	0	0
1999	0	0	0	0	0
2000	0	0	0	0	0
2001	1	56	10	0	67
2002	0	0	0	0	0
2003	0	0	0	0	0
2004	0	0	0	0	0
2005	0	0	0	0	0
2006	0	0	0	0	0
2007	0	0	0	0	0
TOTAL	\$1	\$56	\$10	\$0	\$67

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
(5)	(6)	(7)	(8)	
1983	\$0	\$0	\$0	\$0
1984	0	0	0	0
1985	0	0	0	0
1986	0	0	0	0
1987	0	0	0	0
1988	0	0	0	0
1989	0	0	0	0
1990	0	0	0	0
1991	0	0	0	0
1992	0	0	0	0
1993	0	0	0	0
1994	0	0	0	0
1995	0	0	0	0
1996	0	0	0	0
1997	0	0	0	0
1998	0	0	0	0
1999	0	0	0	0
2000	0	0	0	0
2001	2	56	29	86
2002	0	0	0	0
2003	0	0	0	0
2004	0	0	0	0
2005	0	0	0	0
2006	0	0	0	0
2007	0	0	0	0
TOTAL	\$2	\$56	\$29	\$86

Notes:

- (1) - Per Exhibit I-AK, Page 2, Col. (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - Per Exhibit I-AK, Page 3, Col. (9).
(4) = (1) + (2) + (3) + (3A).
(5) - Per Exhibit I-AK, Page 2, Col. (10).
(7) - Per Exhibit I-AK, Page 3, Col. (16).
(8) = (5) + (6) + (7).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
REALM NATIONAL INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1983	\$0	1.008	1.039	33.231	\$0	\$0
1984	0	1.011	1.048	28.636	0	0
1985	0	1.013	1.056	24.853	0	0
1986	0	1.014	1.067	20.414	0	0
1987	0	1.016	1.080	17.145	0	0
1988	0	1.018	1.092	15.022	0	0
1989	0	1.021	1.104	13.493	0	0
1990	0	1.024	1.118	12.168	0	0
1991	0	1.027	1.135	10.793	0	0
1992	0	1.032	1.154	9.717	0	0
1993	0	1.037	1.172	8.995	0	0
1994	0	1.042	1.190	8.378	0	0
1995	0	1.048	1.209	7.891	0	0
1996	0	1.055	1.226	7.557	0	0
1997	0	1.062	1.247	7.152	0	0
1998	0	1.069	1.271	6.740	0	0
1999	0	1.078	1.293	6.496	0	0
2000	0	1.088	1.316	6.291	0	0
2001	1	1.099	1.341	6.075	37	1
2002	0	1.110	1.369	5.876	0	0
2003	0	1.123	1.399	5.701	0	0
2004	0	1.138	1.430	5.561	0	0
2005	0	1.153	1.465	5.421	0	0
2006	0	1.164	1.505	5.133	0	0
2007	0	1.173	1.551	4.818	0	0
TOTAL	\$1				\$37	\$1

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1983	\$0	1.164	0.000	\$0
1984	0	1.164	0.000	0
1985	0	1.164	0.000	0
1986	0	1.164	0.000	0
1987	0	1.164	0.000	0
1988	0	1.164	0.000	0
1989	0	1.344	0.000	0
1990	0	1.405	0.000	0
1991	0	1.597	0.000	0
1992	0	1.740	0.000	0
1993	0	1.511	0.006	0
1994	0	1.436	0.012	0
1995	0	1.427	0.014	0
1996	0	1.364	0.015	0
1997	0	1.277	0.014	0
1998	0	1.380	0.013	0
1999	0	1.546	0.012	0
2000	0	1.694	0.012	0
2001	1	2.158	0.017	2
2002	0	2.143	0.021	0
2003	0	1.838	0.027	0
2004	0	2.899	0.046	0
2005	0	3.291	0.051	0
2006	0	3.463	0.056	0
2007	0	5.155	0.081	0
TOTAL	\$1			\$2

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
REALM NATIONAL INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1983	\$0	1.015	1.110	11.859	\$0	\$0	\$0	0.931	\$0
1984	0	1.017	1.121	10.962	0	0	0	0.921	0
1985	0	1.019	1.133	10.127	0	0	0	0.913	0
1986	0	1.021	1.147	9.294	0	0	0	0.906	0
1987	0	1.023	1.162	8.552	0	0	0	0.898	0
1988	0	1.025	1.178	7.892	0	0	0	0.891	0
1989	0	1.027	1.195	7.305	0	0	0	0.885	0
1990	0	1.029	1.213	6.784	0	0	0	0.879	0
1991	0	1.032	1.233	6.331	0	0	0	0.873	0
1992	0	1.034	1.255	5.872	0	0	0	0.868	0
1993	0	1.037	1.279	5.481	0	0	0	0.862	0
1994	0	1.040	1.305	5.122	0	0	0	0.857	0
1995	0	1.043	1.332	4.803	0	0	0	0.852	0
1996	0	1.046	1.362	4.510	0	0	0	0.847	0
1997	0	1.050	1.394	4.255	0	0	0	0.843	0
1998	0	1.053	1.431	3.986	0	0	0	0.838	0
1999	0	1.057	1.469	3.769	0	0	0	0.834	0
2000	0	1.062	1.513	3.563	0	0	0	0.830	0
2001	56	1.066	1.563	3.352	134	67	12	0.827	10
2002	0	1.071	1.621	3.157	0	0	0	0.823	0
2003	0	1.076	1.683	2.983	0	0	0	0.819	0
2004	0	1.081	1.751	2.825	0	0	0	0.816	0
2005	0	1.086	1.830	2.673	0	0	0	0.813	0
2006	0	1.090	1.925	2.511	0	0	0	0.811	0
2007	0	1.096	2.041	2.367	0	0	0	0.810	0
TOTAL	\$56				\$134	\$67	\$12		\$10

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1983	\$0	1.000	0.000	\$0	\$0	0.931	\$0
1984	0	1.000	0.000	0	0	0.921	0
1985	0	1.000	0.000	0	0	0.913	0
1986	0	1.102	0.000	0	0	0.906	0
1987	0	1.169	0.000	0	0	0.898	0
1988	0	1.192	0.000	0	0	0.891	0
1989	0	1.238	0.000	0	0	0.885	0
1990	0	1.245	0.000	0	0	0.879	0
1991	0	1.266	0.000	0	0	0.873	0
1992	0	1.283	0.000	0	0	0.868	0
1993	0	1.314	0.006	0	0	0.862	0
1994	0	1.328	0.012	0	0	0.857	0
1995	0	1.377	0.014	0	0	0.852	0
1996	0	1.419	0.015	0	0	0.847	0
1997	0	1.357	0.014	0	0	0.843	0
1998	0	1.334	0.013	0	0	0.838	0
1999	0	1.409	0.012	0	0	0.834	0
2000	0	1.470	0.012	0	0	0.830	0
2001	56	1.604	0.017	90	35	0.827	29
2002	0	1.604	0.021	0	0	0.000	0
2003	0	1.644	0.027	0	0	0.000	0
2004	0	1.783	0.046	0	0	0.000	0
2005	0	1.685	0.051	0	0	0.000	0
2006	0	1.864	0.056	0	0	0.000	0
2007	0	2.211	0.081	0	0	0.000	0
TOTAL	\$56			\$90	\$35		\$29

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
PARK AVENUE INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
2007	\$789	\$255	\$43	\$0	\$1,087
2008	100	270	44	2	416
2009	219	246	42	3	509
2010	0	0	0	0	0
TOTAL	\$1,108	\$770	\$129	\$5	\$2,012

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(5)	(6)	(7)	(8)
2007	\$1,992	\$255	\$245	\$2,492
2008	359	270	305	933
2009	596	246	200	1,041
2010	0	0	0	0
TOTAL	\$2,947	\$770	\$750	\$4,466

Notes:

- (1) - From Exhibit I-AM, Page 2, Column (6).
 (2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
 (3) - From Exhibit I-AM, Page 3, Column (9).
 (4) = (1) + (2) + (3) + (3A).
 (5) - From Exhibit I-AM, Page 2, Column (10).
 (7) - From Exhibit I-AM, Page 3, Column (16).
 (8) = (5) + (6) + (7).
 * All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
PARK AVENUE INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
2007	\$463	1.166	1.526	4.943	\$839	\$789
2008	58	1.180	1.575	4.705	268	100
2009	124	1.200	1.623	4.604	291	219
2010	0	1.223	1.702	4.346	0	0
TOTAL	\$645				\$1,397	\$1,108

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013
	(7)	(8)	(9)	(10)
2007	\$463	4.233	0.068	\$1,992
2008	58	6.076	0.093	359
2009	124	4.724	0.080	596
2010	0	7.577	0.126	0
TOTAL	\$645			\$2,947

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
PARK AVENUE INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
2007	\$255	1.093	1.983	2.434	\$383	\$307	\$53	0.810	\$43
2008	270	1.098	2.117	2.279	525	325	55	0.809	44
2009	246	1.109	2.299	2.141	382	297	51	0.811	42
2010	0	1.131	2.577	2.014	0	0	0	0.817	0
TOTAL	\$770				\$1,290	\$929	\$159		\$129

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
2007	\$255	2.121	0.068	\$558	\$303	0.810	\$245
2008	270	2.300	0.093	646	376	0.809	305
2009	246	1.924	0.080	492	247	0.811	200
2010	0	2.220	0.126	0	0	0.817	0
TOTAL	\$770			\$1,696	\$926		\$750

Notes:

- (1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(2) & (3) - Per SCF's historical loss patterns.
(4) = (2) x (3) / [(3) - (2)].
(5) = (6) + Losses paid to date.
(6) = {(1) x (4)} x [1 - {1 / (3)}].
(7) = (6) - (1).
(8) & (15) - Based on 1.69% discount.
(9) = (7) x (8).
(11) & (12) - Selected ratios based on SCF loss reserves.
(13) = (10) x (11) + (10) x (12).
(14) = (13) - (10).
(16) = (14) x (15).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
ATLANTIC MUTUAL INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
	(1)	(2)	(3)	(3A)	(4)
1995	\$5	\$0	\$0	\$0	\$5
1996	0	0	0	0	0
1997	0	0	0	0	0
1998	0	0	0	0	0
1999	711	127	21	1	860
2000	594	55	9	1	659
2001	739	0	0	0	740
2002	742	688	118	0	1,549
2003	0	0	0	0	0
2004	0	50	0	0	50
TOTAL	\$2,791	\$920	\$149	\$2	\$3,863

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
	(5)	(6)	(7)	(8)
1995	\$5	\$0	\$0	\$5
1996	0	0	0	0
1997	0	0	0	0
1998	0	0	0	0
1999	743	127	40	910
2000	638	55	21	714
2001	878	0	0	878
2002	1,206	688	421	2,315
2003	0	0	0	0
2004	0	50	0	50
TOTAL	\$3,470	\$920	\$483	\$4,872

Notes:

- (1) - From Exhibit I-AP, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-AP, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-AP, Page 2, Column (10).
(7) - From Exhibit I-AP, Page 3, Column (16).
(8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
ATLANTIC MUTUAL INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1995	\$4	1.045	1.200	8.090	\$5	\$5
1996	0	1.051	1.217	7.705	0	0
1997	0	1.058	1.234	7.418	0	0
1998	0	1.065	1.259	6.912	0	0
1999	491	1.073	1.282	6.582	763	711
2000	398	1.083	1.303	6.414	623	594
2001	485	1.093	1.328	6.177	774	739
2002	475	1.104	1.354	5.979	784	742
2003	0	1.116	1.383	5.781	0	0
2004	0	1.130	1.414	5.626	0	0
TOTAL	\$1,852				\$2,949	\$2,791

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1995	\$4	1.422	0.013	\$5
1996	0	1.433	0.015	0
1997	0	1.295	0.015	0
1998	0	1.258	0.013	0
1999	491	1.501	0.013	743
2000	398	1.590	0.011	638
2001	485	1.798	0.013	878
2002	475	2.519	0.020	1,206
2003	0	1.767	0.021	0
2004	0	1.908	0.033	0
TOTAL	\$1,852			\$3,470

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
ATLANTIC MUTUAL INSURANCE COMPANY
COMPENSATION
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1995	\$0	1.041	1.319	4.955	\$0	\$0	\$0	0.854	\$0
1996	0	1.044	1.347	4.650	0	0	0	0.849	0
1997	0	1.048	1.378	4.377	0	0	0	0.845	0
1998	0	1.052	1.413	4.114	0	0	0	0.840	0
1999	127	1.055	1.450	3.873	171	152	26	0.836	21
2000	55	1.060	1.491	3.661	77	67	11	0.832	9
2001	0	1.064	1.538	3.452	1	0	0	0.828	0
2002	688	1.069	1.592	3.249	941	831	143	0.825	118
2003	0	1.074	1.652	3.066	0	0	0	0.000	0
2004	50	1.079	1.717	2.900	11	0	(50)	0.000	0
TOTAL	\$920				\$1,201	\$1,050	\$130		\$149

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1995	\$0	1.327	0.013	\$0	\$0	0.854	\$0
1996	0	1.427	0.015	0	0	0.849	0
1997	0	1.410	0.015	0	0	0.845	0
1998	0	1.303	0.013	0	0	0.840	0
1999	127	1.365	0.013	175	48	0.836	40
2000	55	1.454	0.011	81	26	0.832	21
2001	0	1.487	0.013	0	0	0.828	0
2002	688	1.722	0.020	1,199	511	0.825	421
2003	0	1.485	0.021	0	0	0.000	0
2004	50	1.803	0.033	92	42	0.000	0
TOTAL	\$920			\$1,546	\$626		\$483

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
FRONTIER INSURANCE COMPANY
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL
	(1)	(2)	(3)	(3A)	(4)
1998	\$0	\$0	\$0	\$0	\$0
1999	0	37	6	0	43
2000	87	0	0	0	87
2001	0	0	0	0	0
2002	0	0	0	0	0
TOTAL	\$87	\$37	\$6	\$0	\$130

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL
	(1)	(2)	(3)	(4)
1998	\$0	\$0	\$0	\$0
1999	0	37	13	50
2000	98	0	0	98
2001	0	0	0	0
2002	0	0	0	0
TOTAL	\$98	\$37	\$13	\$148

Notes:

- (1) - From Exhibit I-AV, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-AV, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-AV, Page 2, Column (10).
(7) - From Exhibit I-AV, Page 3, Column (16).
(8) = (5) + (6) + (7).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
FRONTIER INSURANCE COMPANY
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1998	\$0	1.069	1.271	6.740	\$0	\$0
1999	0	1.078	1.293	6.496	0	0
2000	57	1.088	1.316	6.291	104	87
2001	0	1.099	1.341	6.075	0	0
2002	0	1.110	1.369	5.876	0	0
TOTAL	\$57				\$104	\$87

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1998	\$0	1.380	0.013	\$0
1999	0	1.546	0.012	0
2000	57	1.694	0.012	98
2001	0	2.158	0.017	0
2002	0	2.143	0.021	0
TOTAL	\$57			\$98

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
FRONTIER INSURANCE COMPANY
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1998	\$0	1.053	1.431	3.986	\$0	\$0	\$0	0.838	\$0
1999	37	1.057	1.469	3.769	46	45	8	0.834	6
2000	0	1.062	1.513	3.563	0	0	0	0.830	0
2001	0	1.066	1.563	3.352	0	0	0	0.827	0
2002	0	1.071	1.621	3.157	0	0	0	0.823	0
TOTAL	\$37				\$46	\$45	\$8		\$6

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @6/30/2013	UNDISCOUNTED SUPP. RESERVES @6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1998	\$0	1.334	0.013	\$0	\$0	0.838	\$0
1999	37	1.409	0.012	53	16	0.834	13
2000	0	1.470	0.012	0	0	0.830	0
2001	0	1.604	0.017	0	0	0.827	0
2002	0	1.604	0.021	0	0	0.823	0
TOTAL	\$37			\$53	\$16		\$13

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - (1 / (3))].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMN FEES)
REINSURANCE COMPANY OF AMERICA
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	EXPENSE CASE RESERVE	TOTAL RESERVES
(1)	(2)	(3)	(3A)	(4)	
1983	\$0	\$0	\$0	\$0	\$0
1984	0	0	0	0	0
1985	0	0	0	0	0
1986	0	0	0	0	0
1987	0	0	0	0	0
1988	0	0	0	0	0
1989	0	0	0	0	0
1990	0	0	0	0	0
1991	0	0	0	0	0
1992	0	0	0	0	0
1993	0	0	0	0	0
1994	0	0	0	0	0
1995	0	0	0	0	0
1996	0	0	0	0	0
1997	0	0	0	0	0
1998	0	0	0	0	0
1999	0	0	0	0	0
2000	0	0	0	0	0
2001	0	0	0	0	0
2002	0	0	0	0	0
2003	0	0	0	0	0
2004	0	0	0	0	0
2005	0	0	0	0	0
2006	0	0	0	0	0
2007	71	112	19	3	205
TOTAL	\$71	\$112	\$19	\$3	\$205

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
(5)	(6)	(7)	(8)	
1983	\$0	\$0	\$0	\$0
1984	0	0	0	0
1985	0	0	0	0
1986	0	0	0	0
1987	0	0	0	0
1988	0	0	0	0
1989	0	0	0	0
1990	0	0	0	0
1991	0	0	0	0
1992	0	0	0	0
1993	0	0	0	0
1994	0	0	0	0
1995	0	0	0	0
1996	0	0	0	0
1997	0	0	0	0
1998	0	0	0	0
1999	0	0	0	0
2000	0	0	0	0
2001	0	0	0	0
2002	0	0	0	0
2003	0	0	0	0
2004	0	0	0	0
2005	0	0	0	0
2006	0	0	0	0
2007	217	112	0	329
TOTAL	\$217	\$112	\$0	\$329

Notes:

- (1) - Per Exhibit I-AW, Page 2, Col. (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - Per Exhibit I-AW, Page 3, Col. (9).
(4) = (1) + (2) + (3) + (3A).
(5) - Per Exhibit I-AW, Page 2, Col. (10).
(7) - Per Exhibit I-AW, Page 3, Col. (16).
(8) = (5) + (6) + (7).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
 AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
REINSURANCE COMPANY OF AMERICA
MEDICAL
 (\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1983	\$0	1.008	1.039	33.231	\$0	\$0
1984	0	1.011	1.048	28.636	0	0
1985	0	1.013	1.056	24.853	0	0
1986	0	1.014	1.067	20.414	0	0
1987	0	1.016	1.080	17.145	0	0
1988	0	1.018	1.092	15.022	0	0
1989	0	1.021	1.104	13.493	0	0
1990	0	1.024	1.118	12.168	0	0
1991	0	1.027	1.135	10.793	0	0
1992	0	1.032	1.154	9.717	0	0
1993	0	1.037	1.172	8.995	0	0
1994	0	1.042	1.190	8.378	0	0
1995	0	1.048	1.209	7.891	0	0
1996	0	1.055	1.226	7.557	0	0
1997	0	1.062	1.247	7.152	0	0
1998	0	1.069	1.271	6.740	0	0
1999	0	1.078	1.293	6.496	0	0
2000	0	1.088	1.316	6.291	0	0
2001	0	1.099	1.341	6.075	0	0
2002	0	1.110	1.369	5.876	0	0
2003	0	1.123	1.399	5.701	0	0
2004	0	1.138	1.430	5.561	0	0
2005	0	1.153	1.465	5.421	0	0
2006	0	1.164	1.505	5.133	0	0
2007	41	1.173	1.551	4.818	101	71
TOTAL	\$41				\$101	\$71

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1983	\$0	1.164	0.000	\$0
1984	0	1.164	0.000	0
1985	0	1.164	0.000	0
1986	0	1.164	0.000	0
1987	0	1.164	0.000	0
1988	0	1.164	0.000	0
1989	0	1.344	0.000	0
1990	0	1.405	0.000	0
1991	0	1.597	0.000	0
1992	0	1.740	0.000	0
1993	0	1.511	0.006	0
1994	0	1.436	0.012	0
1995	0	1.427	0.014	0
1996	0	1.364	0.015	0
1997	0	1.277	0.014	0
1998	0	1.380	0.013	0
1999	0	1.546	0.012	0
2000	0	1.694	0.012	0
2001	0	2.158	0.017	0
2002	0	2.143	0.021	0
2003	0	1.838	0.027	0
2004	0	2.899	0.046	0
2005	0	3.291	0.051	0
2006	0	3.463	0.056	0
2007	41	5.155	0.081	217
TOTAL	\$41			\$217

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = {(1) x (4)} x [1 - {1 / (3)}].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
REINSURANCE COMPANY OF AMERICA
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1983	\$0	1.015	1.110	11.859	\$0	\$0	\$0	0.931	\$0
1984	0	1.017	1.121	10.962	0	0	0	0.921	0
1985	0	1.019	1.133	10.127	0	0	0	0.913	0
1986	0	1.021	1.147	9.294	0	0	0	0.906	0
1987	0	1.023	1.162	8.552	0	0	0	0.898	0
1988	0	1.025	1.178	7.892	0	0	0	0.891	0
1989	0	1.027	1.195	7.305	0	0	0	0.885	0
1990	0	1.029	1.213	6.784	0	0	0	0.879	0
1991	0	1.032	1.233	6.331	0	0	0	0.873	0
1992	0	1.034	1.255	5.872	0	0	0	0.868	0
1993	0	1.037	1.279	5.481	0	0	0	0.862	0
1994	0	1.040	1.305	5.122	0	0	0	0.857	0
1995	0	1.043	1.332	4.803	0	0	0	0.852	0
1996	0	1.046	1.362	4.510	0	0	0	0.847	0
1997	0	1.050	1.394	4.255	0	0	0	0.843	0
1998	0	1.053	1.431	3.986	0	0	0	0.838	0
1999	0	1.057	1.469	3.769	0	0	0	0.834	0
2000	0	1.062	1.513	3.563	0	0	0	0.830	0
2001	0	1.066	1.563	3.352	0	0	0	0.827	0
2002	0	1.071	1.621	3.157	0	0	0	0.823	0
2003	0	1.076	1.683	2.983	0	0	0	0.819	0
2004	0	1.081	1.751	2.825	0	0	0	0.816	0
2005	0	1.086	1.830	2.673	0	0	0	0.813	0
2006	0	1.090	1.925	2.511	0	0	0	0.811	0
2007	112	1.096	2.041	2.367	161	135	23	0.810	19
TOTAL	\$112				\$161	\$135	\$23		\$19

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1983	\$0	1.000	0.000	\$0	\$0	0.931	\$0
1984	0	1.000	0.000	0	0	0.921	0
1985	0	1.000	0.000	0	0	0.913	0
1986	0	1.102	0.000	0	0	0.906	0
1987	0	1.169	0.000	0	0	0.898	0
1988	0	1.192	0.000	0	0	0.891	0
1989	0	1.238	0.000	0	0	0.885	0
1990	0	1.245	0.000	0	0	0.879	0
1991	0	1.266	0.000	0	0	0.873	0
1992	0	1.283	0.000	0	0	0.868	0
1993	0	1.314	0.006	0	0	0.862	0
1994	0	1.328	0.012	0	0	0.857	0
1995	0	1.377	0.014	0	0	0.852	0
1996	0	1.419	0.015	0	0	0.847	0
1997	0	1.357	0.014	0	0	0.843	0
1998	0	1.334	0.013	0	0	0.838	0
1999	0	1.409	0.012	0	0	0.834	0
2000	0	1.470	0.012	0	0	0.830	0
2001	0	1.604	0.017	0	0	0.827	0
2002	0	1.604	0.021	0	0	0.000	0
2003	0	1.644	0.027	0	0	0.000	0
2004	0	1.783	0.046	0	0	0.000	0
2005	0	1.685	0.051	0	0	0.000	0
2006	0	1.864	0.056	0	0	0.000	0
2007	112	2.211	0.081	256	144	0.000	0
TOTAL	\$112			\$256	\$144		\$0

Notes:

- (1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(2) & (3) - Per SCF's historical loss patterns.
(4) = (2) x (3) / [(3) - (2)].
(5) = (6) + Losses paid to date.
(6) = [(1) x (4)] x [1 - {1 / (3)}].
(7) = (6) - (1).
(8) & (15) - Based on 1.69% discount.
(9) = (7) x (8).
(11) & (12) - Selected ratios based on SCF loss reserves.
(13) = (10) x (11) + (10) x (12).
(14) = (13) - (10).
(16) = (14) x (15).
* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF TOTAL RESERVES (EXCL ADMIN FEES)
FREMONT
MEDICAL & COMPENSATION
(\$AMOUNTS IN '000s)

METHOD I

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	CASE EXPENSE RESERVE	TOTAL RESERVES
(1)	(2)	(3)	(3A)	(4)	
1970	\$0	\$0	\$0	\$0	\$0
1971	0	0	0	0	0
1972	0	26	(26)	0	0
1973	0	160	(158)	0	2
1974	0	0	0	0	0
1975	0	70	0	0	70
1976	114	76	36	0	226
1977	125	178	84	7	394
1978	27	95	43	0	165
1979	2,618	161	68	3	2,850
1980	67	219	87	7	379
1981	210	245	94	2	552
1982	324	190	71	3	588
1983	490	255	42	0	787
1984	112	218	37	0	367
1985	1,021	140	24	1	1,186
1986	6,984	481	83	0	7,549
1987	0	22	4	0	26
1988	775	160	27	1	963
1989	383	227	39	0	649
1990	1,211	566	95	1	1,874
1991	1,293	443	76	5	1,816
1992	456	16	3	1	475
1993	2,202	591	100	4	2,895
1994	2,010	313	53	2	2,378
1995	2,971	797	134	7	3,908
1996	1,175	993	167	1	2,335
1997	2,284	864	148	11	3,306
1998	12,615	1,205	203	21	14,044
1999	7,723	3,005	509	24	11,262
2000	11,402	2,370	409	13	14,194
2001	139	68	12	0	218
2002	0	0	0	0	0
TOTAL	\$58,730	\$14,151	\$2,462	\$115	\$75,458

METHOD II

ACCIDENT YEAR*	UNDISCOUNTED MEDICAL RESERVE	COMPENSATION CASE RESERVE	DISCOUNTED SUPPLEMENTAL RESERVE	TOTAL RESERVES
(5)	(6)	(7)	(8)	
1970	\$0	\$0	\$0	\$0
1971	0	0	0	0
1972	0	26	0	26
1973	170	160	0	330
1974	34	0	0	34
1975	5	70	0	75
1976	114	76	0	190
1977	136	178	0	314
1978	31	95	0	126
1979	3,048	161	0	3,209
1980	78	219	0	297
1981	236	245	0	481
1982	335	190	0	524
1983	457	255	0	712
1984	99	218	0	317
1985	909	140	0	1,049
1986	6,342	481	44	6,867
1987	0	22	3	25
1988	712	160	27	899
1989	405	227	48	680
1990	1,330	566	122	2,018
1991	1,608	443	103	2,154
1992	612	16	4	631
1993	2,535	591	163	3,289
1994	2,175	313	91	2,580
1995	3,145	797	266	4,207
1996	1,165	993	365	2,522
1997	2,084	864	270	3,218
1998	12,241	1,205	351	13,796
1999	8,183	3,005	1,056	12,244
2000	12,895	2,370	949	16,214
2001	196	68	35	298
2002	0	0	0	0
TOTAL	\$61,280	\$14,151	\$3,897	\$79,326

Notes:

- (1) - From Exhibit I-AX, Page 2, Column (6).
(2), (3A) & (6) - Per INDUSTRIAL COMMISSION OF ARIZONA.
(3) - From Exhibit I-AX, Page 3, Column (9).
(4) = (1) + (2) + (3) + (3A).
(5) - From Exhibit I-AX, Page 2, Column (10).
(7) - From Exhibit I-AX, Page 3, Column (16).
(8) = (5) + (6) + (7).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
FREMONT
MEDICAL
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMT FACTORS	PAID LOSS DEVLPMT FACTORS	CASE RSV DEVLPMT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)
1970	\$0	1.000	1.000		\$26	\$0
1971	0	1.000	1.000		0	0
1972	0	1.000	1.000		0	0
1973	170	1.000	1.000	1.000	530	0
1974	34	1.000	1.000	1.000	232	0
1975	5	1.000	1.000	1.000	111	0
1976	114	1.000	1.003	401.000	219	114
1977	125	1.000	1.008	134.333	398	125
1978	27	1.000	1.013	81.000	68	27
1979	2,618	1.000	1.018	58.143	4,945	2,618
1980	67	1.000	1.023	43.553	257	67
1981	202	1.001	1.028	37.437	603	210
1982	287	1.004	1.032	36.968	599	324
1983	393	1.008	1.039	33.231	807	490
1984	85	1.011	1.048	28.636	284	112
1985	781	1.013	1.056	24.853	1,527	1,021
1986	5,448	1.014	1.067	20.414	9,709	6,984
1987	0	1.016	1.080	17.145	260	0
1988	612	1.018	1.092	15.022	1,064	775
1989	301	1.021	1.104	13.493	619	383
1990	947	1.024	1.118	12.168	1,759	1,211
1991	1,007	1.027	1.135	10.793	2,073	1,293
1992	352	1.032	1.154	9.717	659	456
1993	1,672	1.037	1.172	8.995	2,807	2,202
1994	1,503	1.042	1.190	8.378	2,712	2,010
1995	2,182	1.048	1.209	7.891	4,553	2,971
1996	845	1.055	1.226	7.557	2,072	1,175
1997	1,615	1.062	1.247	7.152	3,284	2,284
1998	8,790	1.069	1.271	6.740	17,024	12,615
1999	5,254	1.078	1.293	6.496	11,703	7,723
2000	7,557	1.088	1.316	6.291	15,346	11,402
2001	90	1.099	1.341	6.075	281	139
2002	0	1.110	1.369	5.876	6	0
TOTAL	\$43,085				\$86,537	\$58,730

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013
	(7)	(8)	(9)	(10)
1970	\$0	1.000	0.000	\$0
1971	0	1.000	0.000	0
1972	0	1.000	0.000	0
1973	170	1.000	0.000	170
1974	34	1.000	0.000	34
1975	5	1.000	0.000	5
1976	114	1.000	0.000	114
1977	125	1.082	0.000	136
1978	27	1.164	0.000	31
1979	2,618	1.164	0.000	3,048
1980	67	1.164	0.000	78
1981	202	1.164	0.000	236
1982	287	1.164	0.000	335
1983	393	1.164	0.000	457
1984	85	1.164	0.000	99
1985	781	1.164	0.000	909
1986	5,448	1.164	0.000	6,342
1987	0	1.164	0.000	0
1988	612	1.164	0.000	712
1989	301	1.344	0.000	405
1990	947	1.405	0.000	1,330
1991	1,007	1.597	0.000	1,608
1992	352	1.740	0.000	612
1993	1,672	1.511	0.006	2,535
1994	1,503	1.436	0.012	2,175
1995	2,182	1.427	0.014	3,145
1996	845	1.364	0.015	1,165
1997	1,615	1.277	0.014	2,084
1998	8,790	1.380	0.013	12,241
1999	5,254	1.546	0.012	8,183
2000	7,557	1.694	0.012	12,895
2001	90	2.158	0.017	196
2002	0	2.143	0.021	0
TOTAL	\$43,085			\$61,280

Notes:

(1) & (7) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - (1 / (3))].

(8) & (9) - Selected ratios based on SCF loss reserves.

(10) = (7) x (8) + (7) x (9).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
FREMONT
COMPENSATION (+ EXPENSE)
(\$AMOUNTS IN '000s)

CASE RESERVE DEVELOPMENT APPROACH - METHOD I

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	INC LOSS DEVLPMNT FACTORS	PAID LOSS DEVLPMNT FACTORS	CASE RSV DEVLPMNT FACTORS	ESTIMATED ULTIMATE LOSSES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1970	\$0	1.000	1.000		\$28	\$0	\$0	1.000	\$0
1971	0	1.000	1.000	1.000	1	0	0	1.000	0
1972	26	1.000	1.000	1.000	95	0	(26)	0.996	(26)
1973	160	1.000	1.000	1.000	153	0	(160)	0.989	(158)
1974	0	1.000	1.010	101.000	28	0	0	0.982	0
1975	70	1.000	1.020	51.000	246	70	0	0.974	0
1976	76	1.010	1.031	49.586	270	113	37	0.963	36
1977	178	1.011	1.034	45.451	622	266	88	0.951	84
1978	95	1.012	1.038	40.402	392	141	46	0.941	43
1979	161	1.013	1.043	35.219	500	234	73	0.932	68
1980	219	1.014	1.048	31.255	742	313	94	0.923	87
1981	245	1.015	1.053	28.126	727	347	102	0.926	94
1982	190	1.016	1.058	25.594	582	266	76	0.934	71
1983	255	1.015	1.110	11.859	873	300	45	0.931	42
1984	218	1.017	1.121	10.962	623	258	40	0.921	37
1985	140	1.019	1.133	10.127	446	166	26	0.913	24
1986	481	1.021	1.147	9.294	1,234	573	92	0.906	83
1987	22	1.023	1.162	8.552	311	26	4	0.898	4
1988	160	1.025	1.178	7.892	532	190	31	0.891	27
1989	227	1.027	1.195	7.305	596	270	44	0.885	39
1990	566	1.029	1.213	6.784	1,526	674	108	0.879	95
1991	443	1.032	1.233	6.331	1,122	530	87	0.873	76
1992	16	1.034	1.255	5.872	208	19	3	0.868	3
1993	591	1.037	1.279	5.481	1,162	706	116	0.862	100
1994	313	1.040	1.305	5.122	957	375	62	0.857	53
1995	797	1.043	1.332	4.803	1,904	954	157	0.852	134
1996	993	1.046	1.362	4.510	2,577	1,190	197	0.847	167
1997	864	1.050	1.394	4.255	1,985	1,039	175	0.843	148
1998	1,205	1.053	1.431	3.986	2,824	1,447	242	0.838	203
1999	3,005	1.057	1.469	3.769	6,753	3,615	611	0.834	509
2000	2,370	1.062	1.513	3.563	5,266	2,863	493	0.830	409
2001	68	1.066	1.563	3.352	300	82	14	0.827	12
2002	0	1.071	1.621	3.157	4	0	0	0.823	0
TOTAL	\$14,151				\$35,588	\$17,028	\$2,877		\$2,462

CASE RESERVE DEVELOPMENT APPROACH - METHOD II

ACCIDENT YEAR*	CASE RESERVES @ 6/30/2013	SCF RATIO TOTAL RESERVES TO CASE RESERVES	SCF RATIO ALAE RESERVES TO CASE RESERVES	TOTAL RESERVES @ 6/30/2013	UNDISCOUNTED SUPP. RESERVES @ 6/30/2013	DISCOUNT FACTOR	DISCOUNTED SUPP. RESERVES @ 6/30/2013
	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1970	\$0	1.000	0.000	\$0	\$0	1.000	\$0
1971	0	1.000	0.000	0	0	1.000	0
1972	26	1.000	0.000	26	0	0.996	0
1973	160	1.000	0.000	160	0	0.989	0
1974	0	1.000	0.000	0	0	0.982	0
1975	70	1.000	0.000	70	0	0.974	0
1976	76	1.000	0.000	76	0	0.963	0
1977	178	1.000	0.000	178	0	0.951	0
1978	95	1.000	0.000	95	0	0.941	0
1979	161	1.000	0.000	161	0	0.932	0
1980	219	1.000	0.000	219	0	0.923	0
1981	245	1.000	0.000	245	0	0.926	0
1982	190	1.000	0.000	190	0	0.934	0
1983	255	1.000	0.000	255	0	0.931	0
1984	218	1.000	0.000	218	0	0.921	0
1985	140	1.000	0.000	140	0	0.913	0
1986	481	1.102	0.000	530	49	0.906	44
1987	22	1.169	0.000	25	4	0.898	3
1988	160	1.192	0.000	190	31	0.891	27
1989	227	1.238	0.000	281	54	0.885	48
1990	566	1.245	0.000	705	139	0.879	122
1991	443	1.266	0.000	561	118	0.873	103
1992	16	1.283	0.000	20	4	0.868	4
1993	591	1.314	0.006	780	189	0.862	163
1994	313	1.328	0.012	420	107	0.857	91
1995	797	1.377	0.014	1,109	312	0.852	266
1996	993	1.419	0.015	1,423	430	0.847	365
1997	864	1.357	0.014	1,184	320	0.843	270
1998	1,205	1.334	0.013	1,623	418	0.838	351
1999	3,005	1.409	0.012	4,271	1,267	0.834	1,056
2000	2,370	1.470	0.012	3,513	1,144	0.830	949
2001	68	1.604	0.017	110	42	0.827	35
2002	0	1.604	0.021	0	0	0.823	0
TOTAL	\$14,151			\$18,778	\$4,627		\$3,897

Notes:

(1) & (10) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(2) & (3) - Per SCF's historical loss patterns.

(4) = (2) x (3) / [(3) - (2)].

(5) = (6) + Losses paid to date.

(6) = [(1) x (4)] x [1 - (1 / (3))].

(7) = (6) - (1).

(8) & (15) - Based on 1.69% discount.

(9) = (7) x (8).

(11) & (12) - Selected ratios based on SCF loss reserves.

(13) = (10) x (11) + (10) x (12).

(14) = (13) - (10).

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
REOPEN RESERVES
COMPENSATION
(\$AMOUNTS IN '000s)

COMPENSATION																
ACCIDENT YEAR	INCURRED LOSSES													TOTAL INCURRED	REOPEN FACTOR	TOTAL REOPEN RESERVE
	AMERICAN MUTUAL INS.	ELDORADO INSURANCE	EXCALIBUR INSURANCE	FREMONT INDEMNITY	GREAT GLOBAL ASSURANCE	HIGHLANDS INSURANCE	IDEAL MUTUAL COMPANY	IMPERIAL INSURANCE	LMI INSURANCE	PHICO INSURANCE	SENECA INSURANCE	SOUTH CAROLINA INSURANCE	TRANSIT CASUALTY OF LA			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1970	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	0	0.000	\$0
1971	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	0
1972	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	0
1973	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	0
1974	0	0	0	0	0	0	0	14	0	0	0	0	0	14	0.000	0
1975	0	43	0	0	0	0	0	0	0	0	0	38	0	81	0.000	0
1976	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	0
1977	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	0
1978	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.142	0
1979	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.283	0
1980	0	0	0	0	0	0	2	0	0	0	0	0	0	2	0.283	1
1981	0	0	0	0	0	0	148	0	0	0	0	0	21	170	0.283	48
1982	0	0	7	0	0	0	0	0	0	0	0	0	0	7	0.283	2
1983	0	0	0	0	0	0	27	0	0	0	0	0	46	73	0.325	24
1984	0	0	86	0	0	0	9	0	0	0	0	0	36	132	0.475	63
1985	0	0	0	0	9	0	0	0	0	0	0	0	0	9	0.592	5
1986	0	0	0	0	23	0	0	0	0	0	0	0	0	23	0.742	17
1987	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.033	0
1988	19	0	0	0	0	0	0	0	0	0	0	0	0	19	1.442	27
1989	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.733	0
1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.767	0
1991	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.108	0
1992	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.467	0
1993	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.525	0
1994	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.567	0
1995	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.783	0
1996	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.017	0
1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.108	0
1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.317	0
1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.467	0
2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.592	0
2001	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.850	0
2002	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.017	0
2003	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.433	0
2004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.950	0
TOTAL	19	43	93	0	31	0	187	14	0	0	0	38	104	529		\$186

Notes:

(1) to (13) - Per INDUSTRIAL COMMISSION OF ARIZONA.

(14) = Sum of (1) to (13).

(15) - Judgmental selection by age of accident year.

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
AS OF JUNE 30, 2013
CALCULATION OF LOSS RESERVES
REOPEN RESERVES
MEDICAL
(\$AMOUNTS IN '000s)

MEDICAL

ACCIDENT YEAR	INCURRED LOSSES													TOTAL INCURRED	REOPEN FACTOR	TOTAL REOPEN RESERVE
	AMERICAN MUTUAL INS.	ELDORADO INSURANCE	EXCALIBUR INSURANCE	FREMONT INDEMNITY	GREAT GLOBAL ASSURANCE	HIGHLANDS INSURANCE	IDEAL MUTUAL COMPANY	IMPERIAL INSURANCE	LMI INSURANCE	PHICO INSURANCE	SENECA INSURANCE	SOUTH CAROLINA INSURANCE	TRANSIT CASUALTY OF LA			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1970	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	\$0
1971	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	0
1972	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	0
1973	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	0
1974	0	0	0	0	0	4	0	0	0	0	0	0	0	4	0.000	0
1975	0	3	0	0	0	0	0	21	0	0	0	101	0	126	0.000	0
1976	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	0
1977	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.000	0
1978	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.142	0
1979	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.283	0
1980	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.283	0
1981	0	0	0	0	0	0	163	0	0	0	0	0	25	189	0.283	53
1982	0	0	3	0	0	0	0	0	0	0	0	0	0	3	0.283	1
1983	0	0	0	0	0	0	12	0	0	0	0	0	11	23	0.325	8
1984	0	0	30	0	0	0	40	0	0	0	1	0	8	79	0.475	38
1985	0	0	0	0	2	0	1	0	0	0	0	0	0	3	0.592	2
1986	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0.742	0
1987	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.033	0
1988	12	0	0	0	0	0	0	0	0	0	0	0	0	12	1.442	17
1989	2	0	0	0	0	0	0	0	0	0	0	0	0	2	1.733	3
1990	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1.767	0
1991	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.108	0
1992	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.467	0
1993	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.525	0
1994	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.567	0
1995	0	0	0	0	0	0	0	0	0	0	0	0	0	0	2.783	0
1996	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.017	0
1997	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.108	0
1998	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.317	0
1999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.467	0
2000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	3.592	0
2001	0	0	0	0	0	0	0	0	0	1	0	0	0	1	3.850	3
2002	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.017	0
2003	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.433	0
2004	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4.950	0
TOTAL	14	3	32	0	2	4	216	21	0	1	1	101	45	442		\$125

Notes:

(1) to (13) - Per LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW.

(14) = Sum of (1) to (13).

(15) - Judgmental selection by age of accident year.

(16) = (14) x (15).

* All Accident Years are defined from 1/1 to 12/31 of the stated year.

INDUSTRIAL COMMISSION OF ARIZONA
LOSS AND LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
TABLES OF FACTORS
AS OF JUNE 30, 2013

Loss Development Factors Applied in Case Reserve Development Approach					
Medical			Compensation		
Dev Months	Incurred	Paid	Dev Months	Incurred	Paid
12	1.413	3.371	12	1.703	7.484
24	1.226	1.980	24	1.448	5.310
36	1.219	1.792	36	1.193	3.136
48	1.223	1.702	48	1.131	2.577
60	1.200	1.623	60	1.109	2.299
72	1.180	1.575	72	1.098	2.117
84	1.166	1.526	84	1.093	1.983
96	1.161	1.483	96	1.088	1.878
108	1.145	1.446	108	1.084	1.791
120	1.130	1.414	120	1.079	1.717
132	1.116	1.383	132	1.074	1.652
144	1.104	1.354	144	1.069	1.592
156	1.093	1.328	156	1.064	1.538
168	1.083	1.303	168	1.060	1.491
180	1.073	1.282	180	1.055	1.450
192	1.065	1.259	192	1.052	1.413
204	1.058	1.234	204	1.048	1.378
216	1.051	1.217	216	1.044	1.347
228	1.045	1.200	228	1.041	1.319
240	1.039	1.180	240	1.039	1.292
252	1.034	1.163	252	1.036	1.267
264	1.029	1.145	264	1.033	1.244
276	1.025	1.125	276	1.031	1.223
288	1.022	1.110	288	1.028	1.204
300	1.019	1.098	300	1.026	1.187
312	1.017	1.086	312	1.024	1.170
324	1.015	1.074	324	1.022	1.155
336	1.013	1.060	336	1.020	1.140
348	1.012	1.051	348	1.018	1.127
360	1.010	1.045	360	1.016	1.116
372	1.005	1.033	372	1.015	1.084
384	1.002	1.030	384	1.015	1.056
396	1.000	1.027	396	1.014	1.051
408	1.000	1.020	408	1.014	1.045
420	1.000	1.015	420	1.013	1.040
432	1.000	1.010	432	1.011	1.036
444	1.000	1.005	444	1.011	1.033
456	1.000	1.000	456	1.005	1.025
468	1.000	1.000	468	1.000	1.015
480	1.000	1.000	480	1.000	1.005
492	1.000	1.000	492	1.000	1.000
504	1.000	1.000	504	1.000	1.000
516	1.000	1.000	516	1.000	1.000
528	1.000	1.000	528	1.000	1.000
540	1.000	1.000	540	1.000	1.000
552	1.000	1.000	552	1.000	1.000
564	1.000	1.000	564	1.000	1.000

Ratios of Total Reserves to Case Reserves		
Medical		Compensation
Dev Months	Factors	Factors
12	2.684	5.060
24	4.819	2.679
36	3.687	1.667
48	7.577	2.220
60	4.724	1.924
72	6.076	2.300
84	4.233	2.121
96	2.693	1.606
108	3.890	1.764
120	1.908	1.803
132	1.767	1.485
144	2.519	1.722
156	1.798	1.487
168	1.590	1.454
180	1.501	1.365
192	1.258	1.303
204	1.295	1.410
216	1.433	1.427
228	1.422	1.327
240	1.449	1.329
252	1.572	1.299
264	1.909	1.266
276	1.286	1.265
288	1.524	1.225
300	1.164	1.252
312	1.164	1.133
324	1.164	1.204
336	1.164	1.000
348	1.164	1.000
360	1.164	1.000
372	1.164	1.000
384	1.164	1.000
396	1.164	1.000
408	1.164	1.000
420	1.164	1.000
432	1.164	1.000
444	1.000	1.000
456	1.000	1.000
468	1.000	1.000
480	1.000	1.000
492	1.000	1.000
504	1.000	1.000
516	1.000	1.000
528	1.000	1.000
540	1.000	1.000
552	1.000	1.000
564	1.000	1.000

INDUSTRIAL COMMISSION OF ARIZONA
LOSS & LOSS ADJUSTMENT EXPENSE RESERVES REVIEW
CALCULATION OF PAID LOSS CASH FLOW
AS OF JUNE 30, 2013
INSOLVENT CARRIERS
(\$AMOUNTS IN '000s)

INSOLVENT CARRIERS	DISCOUNTED RESERVE	PROJECTED PAYOUT 2013/2014
	EXPECTED (50%) CONF. LVL	
	(1)	(2)
MISSION INSURANCE COMPANY	\$1,667	\$94
MISSION NATIONAL INSURANCE COMPANY	7,311	413
ENTERPRISE INSURANCE COMPANY	38	2
EMPLOYERS CASUALTY INSURANCE COMPANY	579	33
WESTERN EMPLOYERS INSURANCE COMPANY	3,259	184
CARRIERS INSURANCE COMPANY	135	8
ROCKWOOD INSURANCE COMPANY	45	3
CREDIT GENERAL INSURANCE	50	3
RELIANCE INSURANCE	15,162	857
HIH AMERICA	1,625	92
GREAT STATES INSURANCE	13,218	747
SUPERIOR PACIFIC	885	50
SUPERIOR NATIONAL	7,196	407
LEGION INSURANCE COMPANY	12,558	710
PAULA INSURANCE COMPANY	11,217	634
VILLANOVA INSURANCE COMPANY	1,231	70
WESTERN GROWERS	458	26
FREMONT AMERICAN INSURANCE COMPANY	0	0
FREMONT COMPENSATION	0	0
FREMONT INDEMNITY COMPANY	0	0
LUMBERMENS MUTUAL CASUALTY	8,199	463
FREMONT PACIFIC INSURANCE COMPANY	0	0
HOME INSURANCE COMPANY	5,356	303
CASUALTY RECIPROCAL	349	20
CONSOLIDATED AMERICAN	28	2
FREMONT INDUSTRIAL NW	0	0
REALM NATIONAL INSURANCE COMPANY	77	4
PARK AVENUE INSURANCE COMPANY	3,239	183
ATLANTIC MUTUAL INSURANCE COMPANY	4,368	247
FRONTIER INSURANCE COMPANY	139	8
REINSURANCE CO. OF AMERICA	267	15
FREMONT	77,392	4,373
NONREVIEWED INSOLVENT CARRIERS	25	1
REOPEN RESERVES - INSOLVENTS WITH NO OPEN CLAIMS	311	18
SUBTOTAL INSOLVENT	\$176,384	\$9,967

Fiscal Year	2010/2011	2011/2012	2012/2013
RATIO PAYMENTS TO RESERVES	6.1%	5.3%	5.5%
SELECTED RATIO	5.7%		

Notes:

(1) - Per Summary Exhibit, Page 1, Column (3).

(2) = (1) X Selected ratio.

* Selected ratio is based on the ratio of payments to reserves of the 3 most recent years.

Glossary of Terms

<i>Accident Year</i>	Attributing to a given year the total cost of losses which occur in that year.
<i>Bornhuetter-Ferguson Approach (BFA)</i>	Approach which combines reported and paid losses with the expected unreported and unpaid losses to estimate ultimate losses.
<i>Case Reserve</i>	Estimate of unpaid loss on reported claims.
<i>Expected Loss</i>	Exposures multiplied by the pure premium.
<i>Exposure</i>	Extent of risk and/or possibility of loss (for workers' compensation, the exposure is payroll in hundreds).
<i>Incurred Loss</i>	Paid loss plus the case reserve.
<i>IBNR Reserve</i>	Reserve for claims incurred but not reported and for future changes to the case reserves.
<i>Loss Adjustment Expenses (LAE)</i>	Loss adjustment expenses may be broken down into: Allocated and Unallocated loss adjustment expenses (ALAE and ULAE). ALAE expenses are expenses (other than in-house administrative) for claims handling which can be identified as pertaining to a specific claim (such as outside legal expense). ULAE expenses are general administrative expenses such as salaries of employees.
<i>Loss Development Approach (LDA)</i>	Methods under which historical claim data are recorded and used to estimate the future development of existing claims. Loss development is the change in value of a body of claims from one valuation date to another valuation date.
<i>Paid Loss</i>	Amount paid on open and closed claims.

Glossary of Terms

(continued)

Pure Premium

The value of losses per unit of exposure.

Ultimate Loss

The incurred loss plus the IBNR reserve. The ultimate loss is the estimate of the total cost to settle all claims in the accident year.
